

School District
of
Borough of Beach Haven

Borough of Beach Haven Board of Education
Beach Haven, New Jersey

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
of the
BOROUGH OF BEACH HAVEN BOARD OF EDUCATION
BEACH HAVEN, NEW JERSEY

For the Fiscal Year Ended June 30, 2011

Prepared by
Borough of Beach Haven Board of Education
Finance Department

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
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Introductory Section

BEACH HAVEN SCHOOL



"A Tradition of Excellence Since 1887"

DR. PATRICIA P. DAGGY
Superintendent/Principal

BEACH AVENUE AT EIGHTH STREET
BEACH HAVEN, NEW JERSEY 08008
(609) 492-7411 (office)
(609) 492-7459 (fax)

October 24, 2011

Honorable President and Board Members
Borough of Beach Haven Board of Education
Beach Haven, New Jersey 08008

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the Borough of Beach Haven Board of Education for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of 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 includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the state Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Audit". Information related to this single audit, including the auditor's report on the internal control structure and compliance with the applicable laws and regulations, and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Beach Haven School District is an independent report entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Borough of Beach Haven 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 6. These include regular instruction, as well as special education for handicapped youngsters. The District completed the 2010-2011 school year with an enrollment of 74 students. The following details the changes in the student enrollment of the District over the past five years.

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-11	74	1.4%
2009-10	73	-5.2%
2008-09	77	8.5%
2007-08	71	6.0%
2006-07	67	-5.6%

2. **ECONOMIC CONDITION AND OUTLOOK:** The Beach Haven School District has a stable year-round population, although student enrollment increased in the most recent years. The primary industry is tourism which significantly increases the population during the summer.

3. **MAJOR INITIATIVES:** The students continue to score above the state and national averages on annual achievement tests. Trailblazers Mathematics has been implemented through fifth grade. Connected Mathematics is used in sixth grade. Writers' Workshop and Balanced Literacy have been implemented in reading/language arts.

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 assurances that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit as 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 school district. Annual appropriated budgets are adopted for the general fund and the special revenue fund.

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 appropriations of fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance as of 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. **FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8. **DEBT ADMINISTRATION:** The District had no outstanding debt as of June 30, 2011.

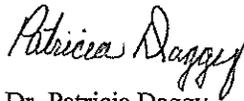
9. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under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

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

11. **OTHER INFORMATION**: Independent audit – State statutes require an annual audit by an independent certified public accountant or registered municipal accountant who holds an uncanceled license as a public school accountant. David J. Pawlishak, CPA, RMA was selected by the Board's audit committee. In addition to meeting the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and State Treasury Circular Letter 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.

12. **ACKNOWLEDGMENTS**: We would like to express our appreciation to the members of the Borough of Beach Haven Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district, and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Board office.

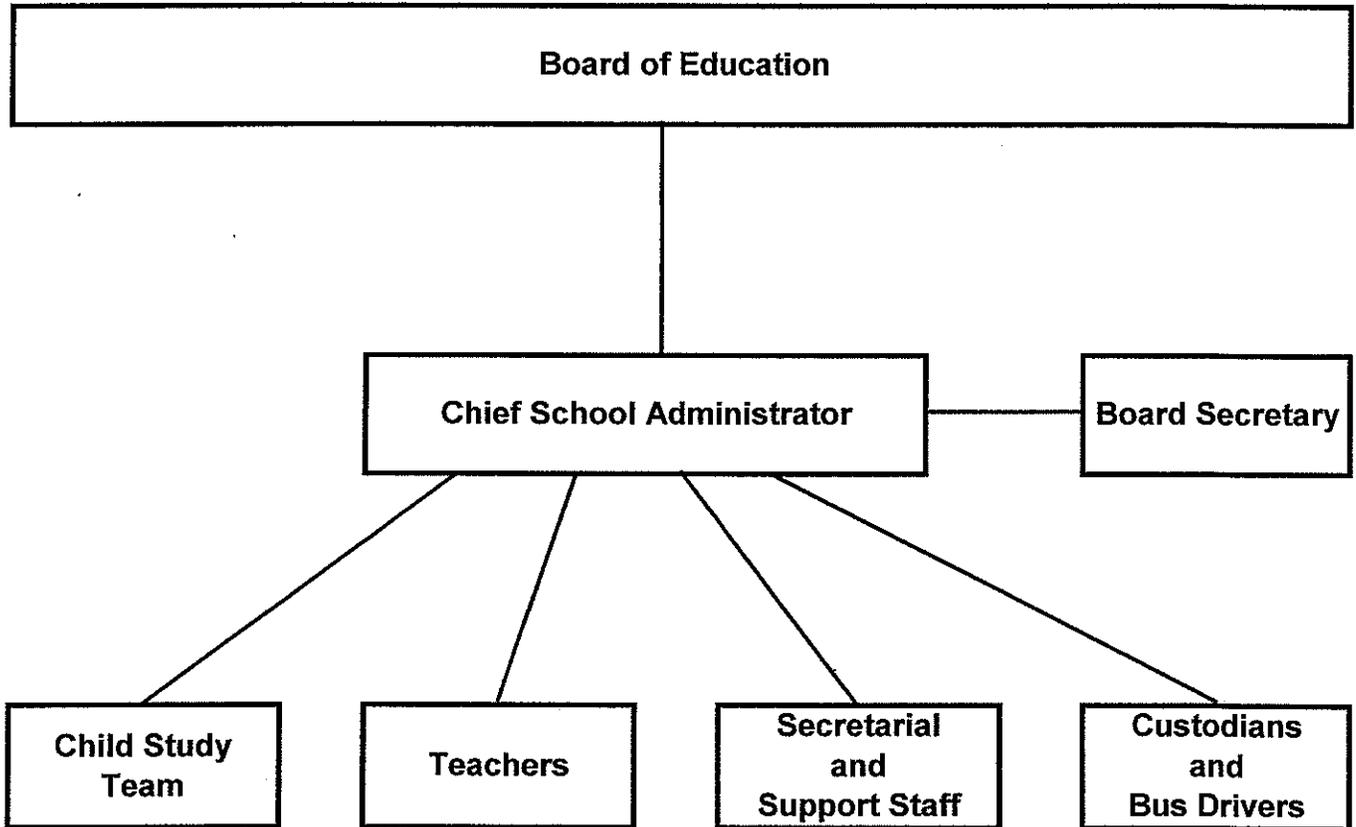
Respectfully submitted,



Dr. Patricia Daggy
Superintendent/Principal

BOROUGH OF BEACH HAVEN BOARD OF EDUCATION

ORGANIZATIONAL CHART



BOROUGH OF BEACH HAVEN BOARD OF EDUCATION

BEACH HAVEN, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Marylou Bellingeri, President	2014
Donna Kilcommons, Vice President	2013
Sandra Close	2012
Amy Haig	2013
Rob Meyer	2014

<u>Other Officials</u>	<u>Position</u>
Dr. Patricia Daggy	Superintendent
Lil Brendel	Board Secretary
Diane Marshall	Treasurer
Capehart & Scatchard, P.A.	Attorney

BOROUGH OF BEACH HAVEN BOARD OF EDUCATION

BEACH HAVEN, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2011

Audit Firm

David J. Pawlishak, CPA, RMA
48 Mulberry Drive
Manahawkin, New Jersey 08050

Attorney

Capehart & Scatchard, P.A.
8000 Midlantic Drive
Mount Laurel, New Jersey 08054

Official Depository

TD Bank
13100 Long Beach Boulevard
Beach Haven, New Jersey 08008

Financial Section

DAVID J. PAWLISHAK

Certified Public Accountant

Registered Municipal Accountant

Public School Accountant

(609) 709-0071

**48 MULBERRY DRIVE
MANAHAWKIN, NEW JERSEY 08050
*d.pawlishak.cpa@comcast.net***

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Beach Haven School District
County of Ocean
Beach Haven, New Jersey

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Beach Haven School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed on the table of contents. These financial statements are the responsibility of the Borough of Beach Haven Board of Education's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated October 24, 2011 on my consideration of the Borough of Beach Haven Board of Education's internal control over financial reporting and my 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 my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls 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 my audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 9 through 13 and 36 through 50 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. I 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, I did not audit the information and express no opinion on it.

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

The accompanying Schedules of Federal Awards and State Financial Assistance are presented for purposes of additional analysis, 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID J. PAWLISHAK
Licensed Public School Accountant
Number 20CS00091700
David J. Pawlishak, CPA, RMA

October 24, 2011

Required Supplementary Information
Part I

BOROUGH OF BEACH HAVEN BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2011

This section of the Borough of Beach Haven Board of Education's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets (A-1) presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities (A-2) presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements can be found as exhibits A-1 and A-2 in this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund.

The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary funds

The District did not maintain any proprietary funds during the 2010-2011 year.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the governmental entity. Fiduciary funds are not reflected in the district-wide financial statements, because the resources of those funds are not available to support the District's own programs.

The District uses trust and agency funds to account for resources held for payroll transactions.

The basic fiduciary fund financial statements are found as Exhibit B-7 in this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide financial statements. The notes to the financial statements can be found after the fund financial statements in this report.

Other information. The combining and individual fund statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-2011 fiscal year include the following:

- The General Fund's portion of the local tax levy has been increased from FY 2009-2010 to FY 2010-2011 by \$53,927. The General Fund's local tax levy is \$1,402,104.
- The General Fund's undesignated fund balance is \$294,461.
- State aid decreased by \$47,238 (not including on-behalf payments).

District-wide Financial Analysis

As noted earlier, net assets may serve, over time, as a useful indicator of the District's financial position. The following table provides a summary of net assets:

	Year Ended June 30, 2011	Year Ended June 30, 2010
Current and other assets	\$ 448,934	\$ 337,182
Capital assets, net	1,571,207	1,573,043
Total assets	2,020,141	1,910,225
Current liabilities	1,934	2,246
Long-term liabilities	22,214	22,214
Total liabilities	24,148	24,460
Net assets:		
Investment in capital assets, net of related debt	1,571,207	1,573,043
Restricted	75,687	49,540
Unrestricted	349,099	263,182
Total net assets	\$ 1,995,993	\$ 1,885,765

The District's largest net asset is the restricted portion of the net assets shown above. Restricted assets represent resources that are subject to external restrictions on how they may be used. Within this category, the largest balance is the school building and improvements.

The unrestricted net assets may be used to meet the District's ongoing obligations to students, employees, and creditors. The unrestricted net assets include the amount of long-term obligations that are not invested in capital assets, such as compensated absences.

At the end of the current fiscal year, the District is able to report a positive balance in net assets. The same held true for the prior fiscal year.

The following table provides a summary of revenues and expenses for the District's governmental and business-type activities and the change in net assets from the prior year:

	<u>Year Ended June 30, 2011</u>	<u>Year Ended June 30, 2010</u>
Revenues:		
Program revenues:		
Charges for services	\$ -	\$ -
Operating grants and contributions	13,214	30,164
General revenues:		
Property taxes	1,402,104	1,348,177
Federal & state aid not restricted to specific purposes	113,394	154,389
Miscellaneous (includes tuition & interest)	61,764	15,055
Total revenue	<u>1,590,476</u>	<u>1,547,785</u>
Expenses:		
Instructional services	719,425	721,584
Support services	749,573	804,581
Food service	-	-
Interest on long-term debt	-	-
Unallocated depreciation	12,120	11,332
Total expenses	<u>1,481,118</u>	<u>1,537,497</u>
Increase (decrease) in net assets before transfers	109,358	10,288
Prior period adjustment	<u>-</u>	<u>(2,740)</u>
Change in net assets	109,358	7,548
Net assets - beginning	<u>1,885,765</u>	<u>1,878,217</u>
Net assets - ending	<u>\$ 1,995,123</u>	<u>\$ 1,885,765</u>

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The capital projects fund is restricted by state law to be spent for the purpose of the fund and is not available for spending at the District's discretion.

Financial Information at Fiscal Year-End

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2011 and the amount and percentage of increases (decreases) in relation to prior year revenues. The capital projects fund has been excluded, as amounts may vary substantially from year to year.

	Revenue Amount	Percent of Total	Increase (Decrease) From 2010	Percent of Increase (Decrease)
Local sources:				
District taxes	\$ 1,402,104	88.16%	\$ 53,927	4.00%
Miscellaneous	61,764	3.88%	46,709	310.26%
State sources	113,394	7.13%	(39,504)	-25.84%
Federal sources	13,214	0.83%	(16,950)	-56.19%
Total	<u>\$ 1,590,476</u>	<u>100.00%</u>	<u>\$ 44,182</u>	<u>2.86%</u>

The increases are due primarily to an increase in district taxes and miscellaneous income.
The decreases are due primarily to a lesser amount of state aid.

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2011 and the amount and percentage of increases (decreases) in relation to prior year expenditures. The capital projects fund has been excluded, as amounts may vary substantially from year to year.

	Expenditure Amount	Percent of Total	Increase (Decrease) From 2010	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 719,425	47.79%	\$ (2,159)	-0.30%
Undistributed	775,573	51.52%	(29,008)	-3.61%
Capital Outlay	10,285	0.68%	(5,492)	-34.81%
Total	<u>\$ 1,505,283</u>	<u>100.00%</u>	<u>\$ (36,659)</u>	<u>-2.38%</u>

The decreases are due primarily to instruction, support services and equipment purchases.

General Fund Budgetary Highlights

Throughout the year, as necessary, budget transfers were made between budget accounts to adjust the 2010-2011 budget. Based on financial results of 2010-2011, unrestricted fund balances increased by \$2,540 to \$294,461.

Capital Assets

At June 30, 2011 the District had capital assets of \$1,571,207 net of depreciation, which includes land, improvements, buildings, machinery and equipment, and vehicles.

The following provides a summary of the capital assets held by the District:

	Balance June 30, 2011
Buildings and improvements	\$ 1,429,814
Machinery and equipment	141,393
Total	<u>\$ 1,571,207</u>

Additional information on the District's capital assets can be found in Note 1H to the basic financial statements.

Debt Administration and Other Obligations

At June 30, 2011 the District had no outstanding debt issues.

Economic Factors and Next Year's Budget

The District anticipates that the approved 2011-2012 budget will be adequate to satisfy all financial needs in 2011-2012, barring any significant unexpected situations or conditions, unforeseen at this time.

Requests for Information

This financial report is designed to provide a general overview of the Borough of Beach Haven School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Superintendent/Business Administrator, Borough of Beach Haven Board of Education, Beach Avenue at Eighth Street, Beach Haven, New Jersey 08008.

Basic Financial Statements

District-wide Financial Statements - A

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 429,601.97	-	429,601.97
Investments	-	-	-
Accounts Receivable, Net	870.00	-	870.00
Inventory	-	-	-
Restricted Assets:			
Special Revenue - Cash	-	-	-
Capital Reserve Account - Cash	18,461.67	-	18,461.67
Debt Service - Cash	-	-	-
Capital Assets, Net	<u>1,571,207.50</u>	-	<u>1,571,207.50</u>
Total Assets	<u>2,020,141.14</u>	<u>-</u>	<u>2,020,141.14</u>
LIABILITIES:			
Accounts Payable	-	-	-
Deferred Revenue	1,934.46	-	1,934.46
Noncurrent Liabilities:			
Due Within One Year	-	-	-
Due Beyond One Year	<u>22,214.00</u>	-	<u>22,214.00</u>
Total Liabilities	<u>24,148.46</u>	<u>-</u>	<u>24,148.46</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	1,571,207.50	-	1,571,207.50
Restricted for:			
Debt Service	-	-	-
Other Purposes	75,686.67	-	75,686.67
Unrestricted	<u>349,098.51</u>	-	<u>349,098.51</u>
Total Net Assets	<u>\$ 1,995,992.68</u>	<u>-</u>	<u>1,995,992.68</u>

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

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 703,165.28	-	13,213.54	(689,951.74)	-	(689,951.74)
Special education	9,595.12	-	-	(9,595.12)	-	(9,595.12)
Other special instruction	6,664.29	-	-	(6,664.29)	-	(6,664.29)
Support Services:						
Tuition	-	-	-	-	-	-
Student & instruction related services	132,976.27	-	-	(132,976.27)	-	(132,976.27)
School administrative services	26,260.00	-	-	(26,260.00)	-	(26,260.00)
General and business administrative services	64,271.00	-	-	(64,271.00)	-	(64,271.00)
Plant operations and maintenance	180,903.03	-	-	(180,903.03)	-	(180,903.03)
Pupil transportation	33,808.32	-	-	(33,808.32)	-	(33,808.32)
Business and other support services	311,354.23	-	-	(311,354.23)	-	(311,354.23)
Interest on long-term debt	-	-	-	-	-	-
Unallocated depreciation	12,120.40	-	-	(12,120.40)	-	(12,120.40)
Total governmental activities	1,481,117.94	-	13,213.54	(1,467,904.40)	-	(1,467,904.40)
Business-type activities:						
Food service	-	-	-	-	-	-
School store	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-
Total primary government	1,481,117.94	-	13,213.54	(1,467,904.40)	-	(1,467,904.40)
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				1,402,104.00	-	1,402,104.00
Property taxes levied for debt service				-	-	-
Federal and state aid, not restricted				113,394.11	-	113,394.11
Interest earned on Capital Reserve account				147.04	-	147.04
Miscellaneous income				61,616.81	-	61,616.81
Prior Period Adjustment				-	-	-
Total general revenues, special items, extraordinary items and transfers				1,577,261.96	-	1,577,261.96
Change in net assets				109,357.56	-	109,357.56
Net assets - beginning				1,885,765.12	-	1,885,765.12
Net assets - ending				\$ 1,995,122.68	-	\$ 1,995,122.68

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

Fund Financial Statements - B

Governmental Funds

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and cash equivalents	\$ 427,667.51	1,934.46	-	-	429,601.97
Capital Reserve account	18,461.67	-	-	-	18,461.67
Investments	-	-	-	-	-
Receivables, net	870.00	-	-	-	870.00
Due from other funds	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total Assets	<u>446,999.18</u>	<u>1,934.46</u>	<u>-</u>	<u>-</u>	<u>448,933.64</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ -	-	-	-	-
Deferred Revenue	-	1,934.46	-	-	1,934.46
Interfund payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,934.46</u>	<u>-</u>	<u>-</u>	<u>1,934.46</u>
 Fund Balances:					
Reserved:					
For Encumbrances	-	-	-	-	-
Maintenance Reserve	57,225.00	-	-	-	57,225.00
Capital Reserve Account	18,461.67	-	-	-	18,461.67
Excess Surplus	76,851.02	-	-	-	76,851.02
Unreserved, reported in:					
General fund	294,461.49	-	-	-	294,461.49
Special projects fund	-	-	-	-	-
Debt service fund	-	-	-	-	-
Total fund balances	<u>446,999.18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,999.18</u>
 Total liabilities and fund balances	<u>\$ 446,999.18</u>	<u>1,934.46</u>	<u>-</u>	<u>-</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,682,506.91 and the accumulated depreciation is \$111,299.41 (see Note 4).

1,571,207.50

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 5).

(22,214.00)

Net assets of governmental activities

\$ 1,995,992.68

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$1,402,104.00	-	-	-	1,402,104.00
Interest Earned on Capital Reserve Funds	147.04	-	-	-	147.04
Miscellaneous	61,616.81	-	-	-	61,616.81
Total Local Sources	1,463,867.85	-	-	-	1,463,867.85
State Sources	113,394.11	-	-	-	113,394.11
Federal Sources	-	13,213.54	-	-	13,213.54
Total Revenues	1,577,261.96	13,213.54	-	-	1,590,475.50
EXPENDITURES:					
Current Expenses:					
Regular Instruction	689,951.74	13,213.54	-	-	703,165.28
Special Education Instruction	9,595.12	-	-	-	9,595.12
Other Instruction	6,664.29	-	-	-	6,664.29
Support Services and Undistributed Costs:					
Tuition	-	-	-	-	-
Student and Instruction Related Services	132,976.27	-	-	-	132,976.27
School Administrative Services	26,260.00	-	-	-	26,260.00
Other Administrative Services	64,271.00	-	-	-	64,271.00
Plant Operations and Maintenance	206,903.03	-	-	-	206,903.03
Pupil Transportation	33,808.32	-	-	-	33,808.32
Unallocated Benefits	311,354.23	-	-	-	311,354.23
Capital Outlay	10,285.00	-	-	-	10,285.00
Debt Service:					
Principal	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-
Total Expenditures	1,492,069.00	13,213.54	-	-	1,505,282.54
Excess (Deficiency) of Revenues Over (Under) Expenditures	85,192.96	-	-	-	85,192.96
OTHER FINANCING SOURCES (USES):					
Prior Period Adjustment	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	85,192.96	-	-	-	85,192.96
Fund Balances, July 1	313,193.22	-	-	-	313,193.22
Fund Balances, June 30	\$ 398,386.18	-	-	-	398,386.18

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances -- Governmental Funds (From B-2) \$ 85,192.96

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital Outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation	(12,120.40)	
Capital Outlay	<u>10,285.00</u>	(1,835.40)

Increase in Maintenance Reserve is an expenditure in the governmental funds, but is not reported in the Statement of Activities 26,000.00

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. -

In the Governmental Fund, State and Federal Aid for, and interest earned in, the Capital Projects Fund is reported as revenue, but is not reported in the Statement of Activities. -

Change in Net Assets of Government Activities \$ 109,357.56

Proprietary Funds

Fiduciary Funds

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Agency Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	<u>\$ 33,706.07</u>
LIABILITIES:	
Current Liabilities:	
Payroll Deductions & Withholdings	\$ 27,527.18
Accrued Salaries & Wages	<u>6,178.89</u>
Total Liabilities	<u>\$ 33,706.07</u>
NET ASSETS:	
Total Net Assets	<u>\$ -</u>

Notes to Financial Statements

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

B. Fund Accounting:

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

Governmental Fund Types:

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

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

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

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary Fund Type:

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

Fiduciary Fund Types:

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

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

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

C. Basis of Accounting

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

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

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Budgets/Budgetary Control:

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

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

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

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

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

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

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets/Budgetary Control (Continued):

What follows is an explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 1,570,140.96	\$ 15,148.00
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	-	(1,934.46)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33):		
2009-2010 State aid payment received in 2010-2011	7,991.00	-
2010-2011 State aid payment received in 2011-2012	(870.00)	-
	\$ 1,577,261.96	\$ 13,213.54
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances -- governmental funds.	<u>\$ 1,577,261.96</u>	<u>\$ 13,213.54</u>

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets/Budgetary Control (Continued):

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary) "total outflows" from the budgetary comparison schedules	\$ 1,492,069.00	\$ 15,148.00
 Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	(1,934.46)
 	<hr/>	<hr/>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances -- governmental funds.	<u>\$ 1,492,069.00</u>	<u>\$ 13,213.54</u>

E. Encumbrances:

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

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

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

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Short-Term Interfund Receivables/Payables:

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

G. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

H. Capital Assets and Depreciation:

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

Capital assets acquired or constructed subsequent to fiscal year 1994 are recorded at original cost. Capital assets acquired or constructed prior to fiscal year 1994 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Accumulated depreciation prior to fiscal year 2004, fiscal year 2004 depreciation expense, total accumulated depreciation and book values were calculated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation (Continued):

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
Land	\$ -	-	-	-
Construction in Progress	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciable Assets:				
Buildings	1,429,814.00	-	-	1,429,814.00
Equipment	242,407.91	10,285.00	-	252,692.91
Total	<u>1,672,221.91</u>	<u>10,285.00</u>	<u>-</u>	<u>1,682,506.91</u>
Less: Accumulated Depreciation:				
Buildings	-	-	-	-
Equipment	(99,179.01)	(12,120.40)	-	(111,299.41)
Total Accumulated Depreciation	<u>(99,179.01)</u>	<u>(12,120.40)</u>	<u>-</u>	<u>(111,299.41)</u>
Net Depreciable Assets	<u>\$ 1,573,042.90</u>	<u>(1,835.40)</u>	<u>-</u>	<u>1,571,207.50</u>
Business-Type Activities:				
Equipment	\$ -	-	-	-
Less: Accumulated Depreciation:				
Equipment	-	-	-	-
Business-Type Activities				
Capital Assets (Net)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ -
Support Services	-
Direct Expenses of Various Functions	-
Unallocated	12,120.40
	<u>\$ 12,120.40</u>

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences:

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

J. Deferred Revenue:

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

K. Long-Term Liabilities:

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

L. Fund Equity:

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

Deposits:

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

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

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

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

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

Investments:

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

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

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

	<u>Cash & Cash</u> <u>Equivalents</u>	<u>Investments</u>	<u>Total</u>
Checking accounts	\$ 481,769.71	-	481,769.71
Investments	-	-	-
	<u>\$ 481,769.71</u>	<u>-</u>	<u>481,769.71</u>

During the period ended June 30, 2011, the District held no investments. The carrying amount of the District's cash and cash equivalents and investments at June 30, 2011 was \$481,769.71 and the bank balance was \$508,914.87. Of the bank balance \$305,540.42 was covered by federal depository insurance and \$203,374.55 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk Categories

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

Category 1 are deposits covered by the federal depository insurance, or by collateral held by the District or its agent, in the District's name.

Category 2 are deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the District's name.

Category 3 are deposits covered by collateral, held by the pledging financial institution, or its trust department, or its agent but not in the District's name.

As of June 30, 2011, the District did not hold any long-term investments.

NOTE 3. GENERAL LONG-TERM DEBT

A: Bonds Payable:

As of June 30, 2011 the Board had no issued debt.

B. Bonds Authorized But Not Issued:

As of June 30, 2011 the Board had no authorized but not issued debt.

C: Capital leases payable:

The District had no capital leases as of June 30, 2011.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4. PENSION PLANS

Plan Descriptions:

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund ("TPAF") or the Public Employees' Retirement System ("PERS"). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund retirement system 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. The Public Employees' Retirement System is considered a cost sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after ten years of service for pension benefits and 25 years for post-retirement health care coverage.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State administered retirement system. Membership is mandatory for such employees and vesting occurs after eight to ten years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trusts. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4. PENSION PLANS (Continued)

Significant Legislation:

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 service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

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. For new members of the SPRS and PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. 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.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.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D, and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4. PENSION PLANS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on percentages ranging from 3.00 percent to 8.50 percent of employees' annual compensation.

NOTE 5. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees receiving 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.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6. INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ -
Special Revenue Fund	-	-
	\$ -	\$ -

NOTE 7. COMPENSATED ABSENCES

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

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

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

NOTE 8. CAPITAL RESERVE ACCOUNT

The District maintains a Capital Reserve Account with a balance at June 30, 2011 of \$18,461.67.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9. RISK MANAGEMENT

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

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

NOTE 10. TUITION ADJUSTMENTS

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected in the June 30, 2011 financial statements.

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. OPERATING LEASES

The District had no operating leases as of June 30, 2011.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13. CONTINGENT LIABILITIES

The Board's counsel is not aware of any material pending or threatened litigation, claims or assessments, nor unasserted claims and assessments.

NOTE 14. FUND BALANCE APPROPRIATED

General Fund – Of the \$446,999 fund balance in the General Fund as of June 30, 2011, \$5,852 is reserved for encumbrances; \$76,851 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$57,225 has been reserved as maintenance reserve, \$18,462 has been reserved in the Capital Reserve Account; \$37,739 has been appropriated and included as anticipated revenue for the year ended June 30, 2011; and \$250,870 is unreserved and undesignated.

NOTE 15. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A. 18A:7F-7*, as amended. 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 \$76,851.02.

NOTE 16. SUBSEQUENT EVENTS

The minutes indicate that an amendment to certain employment contracts that affected the 2010 – 2011 year was ratified by the Board at their August 23, 2011 meeting.

Required Supplementary Information
Part II

Budgetary Comparison Schedules – C

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 1,402,104.00	-	1,402,104.00	1,402,104.00	-
Tuition - from other LEAs within State	-	-	-	-	-
Interest earned on Capital Reserve funds	26.00	-	26.00	147.04	121.04
Miscellaneous	9,000.00	-	9,000.00	61,616.81	52,616.81
Total - local sources	1,411,130.00	-	1,411,130.00	1,463,867.85	52,737.85
State sources:					
Core Curriculum Standards Aid	-	-	-	-	-
Transportation Aid	-	-	-	-	-
Special Education Aid	-	-	-	-	-
Bilingual Education Aid	-	-	-	-	-
Stabilization Aid	-	-	-	-	-
Additional Formula Aid	-	-	-	-	-
Extraordinary Aid	-	-	-	-	-
Consolidated Aid	-	-	-	-	-
Security Aid	-	-	-	-	-
Adjustment Aid	-	-	-	-	-
Other State Aid	-	-	-	870.00	870.00
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	51,276.00	51,276.00
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	54,127.11	54,127.11
Total - state sources	-	-	-	106,273.11	106,273.11
Total Revenues	\$ 1,411,130.00	-	1,411,130.00	1,570,140.96	159,010.96

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from prior page)					
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction					
Salaries of teachers:					
Preschool	\$ 52,375.00	(52,375.00)	-	-	-
Kindergarten	68,238.00	52,375.00	120,613.00	119,451.01	1,161.99
Grades 1-5	469,204.00	-	469,204.00	469,204.00	-
Grades 6-8	67,650.00	-	67,650.00	67,650.00	-
Regular Programs - Home Instruction					
Salaries of teachers	-	-	-	-	-
Regular Programs - Undistributed Instruction					
Purchased Prof.-Ed. Services	-	-	-	-	-
Purchased Technical Services	-	273.36	273.36	273.36	-
Other Purchased Services	10,950.00	(1,181.36)	9,768.64	8,772.00	996.64
General supplies	15,000.00	4,715.40	19,715.40	15,937.79	3,777.61
Textbooks	10,000.00	-	10,000.00	8,663.58	1,336.42
Other Objects	-	-	-	-	-
Total - Regular Programs	693,417.00	3,807.40	697,224.40	689,951.74	7,272.66
Special Education - Programs					
Learning and/or Language Disabilities					
Salaries of teachers	-	-	-	-	-
Other Salaries for Instruction	-	-	-	-	-
General supplies	-	-	-	-	-
Textbooks	-	-	-	-	-
Total Learning and/or Language Disabilities	-	-	-	-	-

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from prior page)					
Neurologically impaired:					
Salaries of teachers	\$ -	-	-	-	-
Other Salaries for Instruction	-	-	-	-	-
General supplies	-	-	-	-	-
Textbooks	-	-	-	-	-
Total perceptually impaired	-	-	-	-	-
Resource Room/Resource Center:					
Salaries of teachers	10,000.00	-	10,000.00	9,186.12	813.88
General supplies	474.00	(43.95)	430.05	409.00	21.05
Total Resource Room	<u>10,474.00</u>	<u>(43.95)</u>	<u>10,430.05</u>	<u>9,595.12</u>	<u>834.93</u>
Preschool handicapped - full time:					
Salaries of teachers	-	-	-	-	-
Other salaries for instruction	-	-	-	-	-
Total Preschool Handicapped -FT	-	-	-	-	-
Speech instruction:					
Salaries of teachers	-	-	-	-	-
General supplies	-	-	-	-	-
Total Speech Instruction	-	-	-	-	-
Home instruction:					
Salaries of teachers	-	-	-	-	-
Total Home Instruction	-	-	-	-	-

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from prior page)					
Total Special Education - Instruction	\$ 10,474.00	(43.95)	10,430.05	9,595.12	834.93
Basic skills/remedial:					
Salaries of teachers	4,500.00	-	4,500.00	4,500.00	-
Purchased technical services	-	-	-	-	-
General supplies	500.00	1.79	501.79	501.79	-
Textbooks	-	-	-	-	-
Other objects	-	-	-	-	-
Total Basic Skills/Remedial	5,000.00	1.79	5,001.79	5,001.79	-
School-Sponsored Athletics -					
Instruction					
Salaries	-	-	-	-	-
Other Objects	6,000.00	(1.79)	5,998.21	1,662.50	4,335.71
Total School-Sponsored Athletics - Instruction	6,000.00	(1.79)	5,998.21	1,662.50	4,335.71
Community servcs. progr./operations:					
Salaries	-	-	-	-	-
Total Community Servc.Progr./Operat.	-	-	-	-	-
Total - Instruction	714,891.00	3,763.45	718,654.45	706,211.15	12,443.30

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from prior page)					
Undistributed expenditures:					
Instruction:					
Tuition LEAs w/i state - regular	\$ -	-	-	-	-
Tuition other LEAs within State - Special	-	-	-	-	-
Tuition co. spec. services school	-	-	-	-	-
distr. and regional day schools	-	-	-	-	-
Tuition priv. school handicapped	-	-	-	-	-
w/i state	-	-	-	-	-
Total Undistributed Expenditures - Instruction	-	-	-	-	-
Attendance & Social Work	10,000.00	-	10,000.00	9,769.45	230.55
Salaries	10,000.00	-	10,000.00	9,769.45	230.55
Total Attendance & Social Work	10,000.00	-	10,000.00	9,769.45	230.55
Health services:					
Salaries	30,000.00	(2,012.52)	27,987.48	24,216.05	3,771.43
Purchased prof. & technical servs.	5,000.00	-	5,000.00	4,860.00	140.00
Other purchased services	-	-	-	-	-
Supplies & materials	500.00	-	500.00	432.62	67.38
Total Health Services	35,500.00	(2,012.52)	33,487.48	29,508.67	3,978.81

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from prior page)					
Other Support Svc. - Students - Related Srvc:					
Salaries	\$ -	-	-	-	-
Purchased Prof. Ed. Services	-	-	-	-	-
Supplies and Materials	-	-	-	-	-
Total Other Support Services - Students - Related Services	-	-	-	-	-
Speech, OT, PT & Related Services:					
Salaries	30,000.00	562.52	30,562.52	30,562.52	-
Supplies & materials	500.00	-	500.00	450.24	49.76
Total Speech, OT, PT & Related Services:	30,500.00	562.52	31,062.52	31,012.76	49.76
Child Study Teams:					
Salaries of other professional staff	10,000.00	1,450.00	11,450.00	11,450.00	-
Salaries of Secretarial & Clerical Assts.	35,000.00	-	35,000.00	35,000.00	-
Purchased Professional - Educational Services	6,000.00	-	6,000.00	2,952.05	3,047.95
Total Other Support Services - Students - Special Services	51,000.00	1,450.00	52,450.00	49,402.05	3,047.95

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from prior page)					
Improvement of Instruction Services/ Other Support Services - Instructional Staff:					
Salaries of Secretarial & Clerical Asssts.	\$ 21,000.00	-	21,000.00	10,817.62	10,182.38
Other Salaries	-	-	-	-	-
Other Objects	500.00	-	500.00	43.50	456.50
Total Improvement of Instruction Services/ Other Support Services - Instructional Staff	21,500.00	-	21,500.00	10,861.12	10,638.88
Educational Media Services/School Library					
Purchased prof. & technical servcs.	500.00	-	500.00	500.00	-
Supplies & materials	-	-	-	-	-
Total ed. media svc./school library	500.00	-	500.00	500.00	-
Instructional Staff Training Services:					
Purchased Professional - Educational Services	3,000.00	(62.00)	2,938.00	1,922.22	1,015.78
Total Instructional Staff Training Services	3,000.00	(62.00)	2,938.00	1,922.22	1,015.78

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from prior page)					
Support Services - General Administration:					
Salaries	\$ 40,000.00	(475.00)	39,525.00	39,525.00	-
Legal Services	3,000.00	4,110.72	7,110.72	7,110.72	-
Audit Services	6,000.00	-	6,000.00	6,000.00	-
Communications/Telephone	50.00	(42.50)	7.50	-	7.50
Other Purchased Professional Services	-	-	-	-	-
BOE Other Purchased Services	1,600.00	475.00	2,075.00	2,075.00	-
Miscellaneous Purchased Services	2,500.00	(797.55)	1,702.45	1,702.45	-
Miscellaneous Expenditures	-	1,792.23	1,792.23	1,792.23	-
BOE Membership Dues & Fees	4,000.00	(484.40)	3,515.60	3,515.60	-
Total Support Services - General Administration	57,150.00	4,578.50	61,728.50	61,721.00	7.50
Support Services - School Administration:					
Salaries of Principals/Asst.Principal	25,000.00	-	25,000.00	25,000.00	-
Salaries of Secretarial & Clerical Assts.	1,260.00	-	1,260.00	1,260.00	-
Supplies & Materials	-	-	-	-	-
Total Support Services - School Administration	26,260.00	-	26,260.00	26,260.00	-
Admin. Info. Technology					
Purchased Technical Services	2,500.00	50.00	2,550.00	2,550.00	-
Other Purchased Services	-	-	-	-	-
Total Admin. Info. Technology	2,500.00	50.00	2,550.00	2,550.00	-

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from prior page)					
Increase in Maintenance Reserve	15,000.00	11,000.00	26,000.00	26,000.00	-
	15,000.00	11,000.00	26,000.00	26,000.00	-
Required Maintenance for School Facilities					
Salaries	34,000.00	846.35	34,846.35	34,846.32	0.03
Cleaning, Repair & Maintenance Services	25,154.00	(166.03)	24,987.97	24,987.97	-
General Supplies	3,000.00	9.28	3,009.28	3,009.28	-
	62,154.00	689.60	62,843.60	62,843.57	0.03
Custodial Services:					
Purchased Professional & Technical Services	1,500.00	-	1,500.00	200.00	1,300.00
Cleaning, Repair & Maintenance Services	20,000.00	13,211.83	33,211.83	33,211.83	-
Insurance	40,000.00	(2,529.82)	37,470.18	36,147.69	1,322.49
Miscellaneous Purchased Services	-	-	-	-	-
General Supplies	3,000.00	(471.35)	2,528.65	2,528.19	0.46
Energy (Natural Gas)	30,000.00	(19,705.13)	10,294.87	9,441.15	853.72
Energy (Electricity)	25,000.00	8,530.60	33,530.60	33,530.60	-
	119,500.00	(963.87)	118,536.13	115,059.46	3,476.67
Security:					
Salaries	3,000.00	-	3,000.00	3,000.00	-
	3,000.00	-	3,000.00	3,000.00	-
Total Operation & Maintenance of Plant Services	184,654.00	(274.27)	184,379.73	180,903.03	3,476.70

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from prior page)					
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home & School) - Regular	\$ 16,000.00	-	16,000.00	16,000.00	-
Other Purchased Professional and Technical Services	5,000.00	-	5,000.00	1,995.51	3,004.49
Cleaning, repair & maintenance services Contracted Services (Between Home and School) - Vendors	7,000.00	-	7,000.00	5,793.49	1,206.51
Contracted Services (Between Home and School) - Joint Agreement	-	-	-	-	-
Contracted Services (Special Education) - Joint Agreement	-	-	-	-	-
Miscellaneous Purchased Services	10,000.00	-	10,000.00	9,655.32	344.68
General Supplies	8,000.00	-	8,000.00	364.00	7,636.00
Other Objects	75.00	-	75.00	-	75.00
Total Student Transportation Services	46,075.00	-	46,075.00	33,808.32	12,266.68
Business & Other Support Services:					
Salaries	-	-	-	-	-
Social security	-	-	-	-	-
Other retirement contributions-reg.	-	-	-	-	-
Other employee benefits	-	-	-	-	-
Supplies & materials	-	-	-	-	-
Miscellaneous expenditures	-	-	-	-	-
Total Business & Support Services	-	-	-	-	-

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Budget</u>	<u>Final</u>	<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Final to</u>
						<u>Actual</u>
(Continued from prior page)						
Unallocated Benefits:						
Group Insurance	\$ -	-	-	-	-	-
Social Security Contributions	18,000.00	-	18,000.00	18,000.00	11,235.77	6,764.23
Other retirement contributions - PERS	10,028.00	-	10,028.00	10,028.00	10,028.00	-
Unemployment Compensation	2,000.00	-	2,000.00	2,000.00	2,000.00	-
Health Benefits	210,000.00	(8,055.68)	201,944.32	201,944.32	182,687.35	19,256.97
Tuition Reimbursement	-	-	-	-	-	-
Other Employee Benefits	-	-	-	-	-	-
Total Unallocated Benefits	240,028.00	(8,055.68)	231,972.32	231,972.32	205,951.12	26,021.20
On-behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	-	51,276.00	(51,276.00)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	-	54,127.11	(54,127.11)
Total Contributions	-	-	-	-	105,403.11	(105,403.11)
Total Undistributed Expenditures	708,667.00	(3,763.45)	704,903.55	704,903.55	749,572.85	(44,669.30)
Total Expenditures - Current Expense	1,438,558.00	11,000.00	1,449,558.00	1,449,558.00	1,481,784.00	(32,226.00)

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from prior page)					
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$ 26.00	-	26.00	-	26.00
	<u>26.00</u>	<u>-</u>	<u>26.00</u>	<u>-</u>	<u>26.00</u>
Equipment:					
Regular Programs - Instruction:					
Preschool	\$ -	-	-	-	-
Kindergarten	10,285.00	-	10,285.00	10,285.00	-
Grades 1 - 5	-	-	-	-	-
Grades 6 - 8	-	-	-	-	-
Total Equipment	<u>10,285.00</u>	<u>-</u>	<u>10,285.00</u>	<u>10,285.00</u>	<u>-</u>
Facilities acquisition & constr. services.					
General Supplies	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Facilities Acquisition & Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Outlay	<u>10,311.00</u>	<u>-</u>	<u>10,311.00</u>	<u>10,285.00</u>	<u>26.00</u>
Total Expenditures	<u>\$ 1,448,869.00</u>	<u>11,000.00</u>	<u>1,459,869.00</u>	<u>1,492,069.00</u>	<u>(32,200.00)</u>

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Continued from prior page)					
Excess (deficiency) of revenues over (under) expenditures	\$ (37,739.00)	(11,000.00)	(48,739.00)	78,071.96	126,810.96
Other Financing Sources / (Uses):					
Operating Transfers Out:					
Capital Projects:					
Roof Replacement	-	-	-	-	-
Prior Period Adjustment:					
Cancellation of Receivable	-	-	-	-	-
Total Operating Transfers Out	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures & Other Financing Uses Fund balances, July 1 (beginning)	(37,739.00) 311,702.22	(11,000.00) -	(48,739.00) 311,702.22	78,071.96 311,702.22	126,810.96 -
Fund balances, June 30 (ending)	<u>\$ 273,963.22</u>	<u>(11,000.00)</u>	<u>262,963.22</u>	<u>389,774.18</u>	<u>126,810.96</u>

EXHIBIT C-2

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ -	-	-	-	-
Federal Sources	15,148.00	-	15,148.00	15,148.00	-
Total Revenues	\$ 15,148.00	-	15,148.00	15,148.00	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 15,148.00	(1,934.46)	13,213.54	13,213.54	-
Other Salaries for Instruction	-	-	-	-	-
Other Purchased Services	-	-	-	-	-
General Supplies	-	-	-	-	-
Textbooks	-	-	-	-	-
Total Instruction	15,148.00	(1,934.46)	13,213.54	13,213.54	-
Support Services:					
Salaries - Other Professional Staff	-	-	-	-	-
Personal Services - Employee Benefits	-	1,934.46	1,934.46	1,934.46	-
Purchased Prof. Tech. Services	-	-	-	-	-
Other Purchased Professional Services	-	-	-	-	-
Travel	-	-	-	-	-
Supplies & Materials	-	-	-	-	-
Tuition	-	-	-	-	-
Total Support Services	-	1,934.46	1,934.46	1,934.46	-
Facilities Acq. & Construction Services:					
Buildings	-	-	-	-	-
Instructional Equipment	-	-	-	-	-
Total Facilities Acq. & Const. Services	-	-	-	-	-
Total Expenditures	\$ 15,148.00	0.00	15,148.00	15,148.00	-

Notes to Required Supplementary Information

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 1,570,140.96	15,148.00
Differences - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized	-	(1,934.46)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(870.00)	-
State aid payment recognized for GAAP purposes, not recognized for budgetary statements	7,991.00	-
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	 \$ 1,577,261.96	 13,213.54
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 1,492,069.00	15,148.00
Differences - budget to GAAP:		
Encumbrances for equipment and supplies ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the years the supplies are received for <i>financial reporting</i> purposes.	-	(1,934.46)
 Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	 \$ 1,492,069.00	 13,213.54

Other Supplementary Information

School Level Schedules – D
N/A

Special Revenue Fund - E

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>I.D.E.A.</u>		<u>N.C.L.B.</u>	<u>Totals</u>
	<u>Part I, Basic</u>		<u>Title II</u> <u>Part A</u>	
	<u>Flow-</u> <u>Through</u>	<u>Preschool</u>	<u>Teacher &</u> <u>Principal</u> <u>Training</u>	
REVENUES:				
Federal Sources	\$ 15,148.00	-	-	15,148.00
State Sources	-	-	-	-
Total Revenues	<u>\$ 15,148.00</u>	<u>-</u>	<u>-</u>	<u>15,148.00</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	\$ 13,213.54	-	-	13,213.54
Other Salaries for Instruction	-	-	-	-
Other Purchased Services	-	-	-	-
General Supplies	-	-	-	-
Textbooks	-	-	-	-
	<u>13,213.54</u>	<u>-</u>	<u>-</u>	<u>13,213.54</u>
Support Services:				
Salaries - Other Professional Staff	-	-	-	-
Personal Services - Employee Benefits	1,934.46	-	-	1,934.46
Purchased Prof. Tech. Services	-	-	-	-
Other Purchased Professional Services	-	-	-	-
Travel	-	-	-	-
Supplies & Materials	-	-	-	-
Tuition	-	-	-	-
Total Support Services	<u>1,934.46</u>	<u>-</u>	<u>-</u>	<u>1,934.46</u>
Facilities Acq. & Construction Services:				
Buildings	-	-	-	-
Instructional Equipment	-	-	-	-
Total Facilities Acq. & Const. Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 15,148.00</u>	<u>-</u>	<u>-</u>	<u>15,148.00</u>

Capital Projects Fund – F
N/A

Proprietary Fund - G
N/A

Fiduciary Fund - H

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 43,012.82	1,597,865.33	1,607,172.08	33,706.07
LIABILITIES:				
Current Liabilities:				
Due to General Fund	\$ -	-	-	-
Payroll Deductions & Withholdings	36,867.62	1,008,785.26	1,018,125.70	27,527.18
Accrued Salaries & Wages	6,145.20	589,080.07	589,046.38	6,178.89
	<u>\$ 43,012.82</u>	<u>1,597,865.33</u>	<u>1,607,172.08</u>	<u>33,706.07</u>

Long-Term Debt – I
N/A

Statistical Section – J
(Unaudited)

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2011	2010	2009	2008	2007	2006	2005
Governmental activities							
Invested in capital assets, net of related debt	\$ 1,571,207	\$ 1,573,043	\$ 1,568,598	\$ 1,569,459	\$ 1,560,845	\$ 1,553,264	\$ 1,541,772
Restricted	75,687	49,540	53,576	37,596	234,578	227,188	119,224
Unrestricted	349,099	263,182	265,525	265,200	74,315	107,805	126,774
Total governmental activities' net assets	\$ 1,995,993	\$ 1,885,765	\$ 1,887,699	\$ 1,872,255	\$ 1,869,738	\$ 1,888,257	\$ 1,787,770
Business-type activities							
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total business-type activities' net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District-wide							
Invested in capital assets, net of related debt	\$ 1,571,207	\$ 1,573,043	\$ 1,568,598	\$ 1,569,459	\$ 1,560,845	\$ 1,553,264	\$ 1,541,772
Restricted	75,687	49,540	53,576	37,596	234,578	227,188	119,224
Unrestricted	349,099	263,182	265,525	265,200	74,315	107,805	126,774
Total	\$ 1,995,993	\$ 1,885,765	\$ 1,887,699	\$ 1,872,255	\$ 1,869,738	\$ 1,888,257	\$ 1,787,770

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS**

	Fiscal Year Ending June 30,						
	2011	2010	2009	2008	2007	2006	2005
Expenses							
Governmental activities:							
Instruction:							
Regular	\$ 703,165.28	702,688.84	669,660.08	607,268.01	588,000.68	585,366.37	548,544.18
Special education	9,595.12	13,565.30	24,445.29	21,840.00	22,231.90	37,111.00	21,988.00
Other special instruction	6,664.29	5,329.56	9,188.76	11,717.75	10,910.25	11,639.00	9,483.10
Support Services:							
Tuition	-	-	-	-	-	-	-
Student & instruction related services	132,976.27	157,815.11	138,600.45	150,295.21	139,844.97	14,120.60	51,678.68
School administrative services	26,260.00	34,494.68	34,384.00	100,795.49	84,793.39	87,451.60	86,090.35
General and business administrative services	64,271.00	59,507.03	57,706.99	3,186.40	3,114.00	120,281.34	108,179.33
Plant operations and maintenance	180,903.03	190,762.03	207,090.80	202,120.29	247,363.00	4,950.00	10,505.00
Pupil transportation	33,808.32	53,334.82	53,262.31	44,946.93	32,789.86	137,394.56	147,771.79
Business and other support services	311,354.23	308,667.41	325,247.79	353,865.23	341,400.73	285,055.59	300,852.17
Interest on long-term debt	-	-	-	-	-	-	-
Unallocated depreciation	12,120.40	11,331.55	10,247.67	9,934.79	1,771.00	1,771.00	1,116.00
Total governmental activities expense	1,481,117.94	1,537,496.33	1,529,834.14	1,505,970.10	1,472,221.78	1,322,499.73	1,328,718.04
Business-type activities:							
Food service	-	-	-	-	-	-	-
School store	-	-	-	-	-	-	-
Total business-type activities expense	-	-	-	-	-	-	-
Total district expenses	\$ 1,481,117.94	1,537,496.33	1,529,834.14	1,505,970.10	1,472,221.78	1,322,499.73	1,328,718.04
Program revenues							
Governmental activities:							
Charges for services	\$ -	-	-	-	-	-	-
Operating grants and contributions	13,213.54	30,164.00	13,700.14	12,882.42	12,989.34	14,991.92	17,858.13
Capital grants and contributions	-	-	-	-	-	-	-
Total governmental activities program revenues	13,213.54	30,164.00	13,700.14	12,882.42	12,989.34	14,991.92	17,858.13
Business-type activities:							
Charges for services	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-
Total business-type activities program revenues	-	-	-	-	-	-	-
Total district program revenues	\$ 13,213.54	30,164.00	13,700.14	12,882.42	12,989.34	14,991.92	17,858.13
Net (Expense)/Revenue	\$ (1,467,904.40)	(1,507,332.33)	(1,516,134.00)	(1,493,087.68)	(1,459,232.44)	(1,307,507.81)	(1,310,859.91)
Governmental activities	\$ (1,467,904.40)	(1,507,332.33)	(1,516,134.00)	(1,493,087.68)	(1,459,232.44)	(1,307,507.81)	(1,310,859.91)
Business-type activities	-	-	-	-	-	-	-
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes, levied for general purposes, net	\$ 1,402,104.00	1,348,177.00	1,296,324.00	1,246,466.00	1,198,525.00	1,192,689.00	1,160,149.00
Property taxes levied for debt service	-	-	-	-	-	-	-
Grants and contributions	113,394.11	154,388.65	175,376.64	239,427.24	231,829.98	201,581.80	203,771.65
Interest earned on Capital Reserve account	147.04	145.53	26.26	27.21	36.21	18.04	35.22
Miscellaneous income	61,616.81	14,909.74	59,850.22	9,685.03	10,321.27	13,706.20	8,447.55
Prior period adjustment	-	(2,740.00)	-	-	-	-	-
Total governmental activities	1,577,261.96	1,514,880.92	1,531,577.12	1,495,605.48	1,440,712.46	1,407,995.04	1,372,403.42
Business-type activities:							
Interest earned	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-
Total district-wide	\$ 1,577,261.96	1,514,880.92	1,531,577.12	1,495,605.48	1,440,712.46	1,407,995.04	1,372,403.42
Change in Net Assets							
Governmental activities	\$ 109,357.56	7,548.59	15,443.12	2,517.80	(18,519.98)	100,487.23	61,543.51
Business-type activities	\$ 109,357.56	7,548.59	15,443.12	2,517.80	(18,519.98)	100,487.23	61,543.51
Total district	\$ 218,715.12	15,097.18	30,886.24	5,035.60	(37,039.96)	200,974.46	123,087.02

EXHIBIT J-3

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
FUND BALANCES, GENERAL FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2011	2010	2009	2008	2007	2006	2005
General Fund							
Reserved	\$ 152,538	\$ 49,540	\$ 53,576	\$ 37,596	\$ 123,155	\$ 182,826	\$ 93,821
Unreserved	294,461	285,396	287,739	287,414	207,952	174,381	174,381
Total general fund	\$ 446,999	\$ 334,936	\$ 341,315	\$ 325,010	\$ 331,107	\$ 357,207	\$ 268,202
All Other Governmental Funds							
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:							
Special revenue fund							
Capital projects fund							
Debt service fund							
Permanent fund							
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Tax Levy	\$ 1,402,104.00	1,348,177.00	1,296,324.00	1,246,466.00	1,198,525.00	1,192,689.00	1,160,149.00	942,753.00	1,050,979.00	964,390.00
Other Local Revenue	61,763.85	15,055.27	59,876.48	9,712.24	10,357.48	13,724.24	8,447.55	10,187.41	12,154.22	18,142.00
State Sources	113,394.11	152,897.65	175,376.64	239,427.24	231,829.98	202,789.09	204,403.65	200,849.00	167,667.20	96,056.00
Federal Sources	13,213.54	30,164.00	13,700.14	12,882.42	12,989.34	14,991.92	15,805.20	14,871.00	13,133.00	12,057.00
Total Revenue	1,590,475.50	1,546,293.92	1,545,277.26	1,508,487.90	1,453,701.80	1,424,194.25	1,388,805.40	1,168,660.41	1,243,933.42	1,090,645.00
Expenditures										
Instruction:										
Regular	703,165.28	702,688.84	669,660.08	607,268.01	588,000.68	585,366.37	530,686.05	468,912.00	447,706.73	433,220.43
Special	9,595.12	13,565.30	24,445.29	21,840.00	22,231.90	37,111.00	21,988.00	19,282.00	20,706.00	-
Other	6,664.29	5,329.56	9,188.76	11,717.75	10,910.25	11,639.00	5,435.35	5,085.00	3,330.00	2,242.89
School Sponsored/Other Instructional	-	-	-	-	-	-	4,047.75	6,165.00	2,436.75	31,226.80
Support Services:										
Tuition	-	-	-	-	-	14,120.60	51,678.68	40,758.00	48,005.69	46,298.10
Attendance & Health Services	39,278.12	55,808.07	57,488.97	56,348.66	56,937.81	46,682.22	53,426.35	39,336.00	31,238.58	37,405.40
Support Service - Students	80,414.81	76,914.75	63,495.32	67,747.65	60,579.11	41,976.67	32,664.00	19,827.00	30,447.79	38,634.86
Support Service - Instructional Staff	13,283.34	25,092.29	17,616.16	26,198.90	22,328.05	18,500.00	13,440.00	6,248.00	2,387.99	3,258.00
General Administration	61,721.00	34,494.68	57,706.99	66,411.49	53,316.13	61,781.34	61,247.33	107,683.00	111,905.55	112,413.34
School Administration	28,810.00	59,507.03	34,384.00	37,570.40	34,593.26	44,950.00	43,997.00	81,243.00	76,268.89	71,947.11
Operations and Maintenance	206,903.03	190,762.03	228,090.80	202,120.29	257,587.93	137,394.56	147,771.79	157,724.00	164,832.53	93,470.08
Student Transportation	33,808.32	53,334.82	53,262.31	44,946.93	32,789.86	37,358.67	42,529.44	38,054.00	29,042.05	20,953.27
Business & Other Support Services:										
Interest on Lease-Purchase Agreements	-	-	-	-	-	-	-	-	2,087.53	542.41
Employee Benefits	205,951.12	203,877.76	225,380.15	192,715.99	182,960.75	156,748.79	168,347.52	150,789.00	136,197.68	133,869.71
On-behalf TPAF Contributions	51,276.00	48,306.00	44,876.00	107,003.00	108,013.00	78,291.00	81,884.00	80,587.00	49,036.00	-
Reimbursed TPAF Social Security	54,127.11	56,483.65	54,991.64	54,146.24	50,426.98	50,015.80	50,600.65	48,682.00	55,795.20	43,440.07
Capital Outlay	10,285.00	15,776.95	9,386.28	18,548.94	9,351.82	13,262.89	6,551.03	16,733.00	5,991.24	32,990.88
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	1,505,282.54	1,541,941.73	1,549,972.75	1,514,584.25	1,490,027.53	1,335,198.91	1,316,294.94	1,287,108.00	1,217,416.20	1,101,913.35
Excess (Deficiency) of revenues over (under) expenditures	85,192.96	4,352.19	(4,695.49)	(6,096.35)	(36,325.73)	88,995.34	72,510.46	(118,447.59)	26,517.22	(11,268.35)
Other financing sources (uses)										
Transfers in/out	-	-	-	-	-	-	-	-	-	-
Prior period adjustments	-	(2,740.00)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(2,740.00)	-							
Net change in fund balances	\$ 85,192.96	1,612.19	(4,695.49)	(6,096.35)	(36,325.73)	88,995.34	72,510.46	(118,447.59)	26,517.22	(11,268.35)

Debt service as a percentage of noncapital expenditures 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest</u> <u>Earned</u>	<u>Refunds of</u> <u>Prior Year</u> <u>Expense</u>	<u>Donation</u>	<u>Insurance</u> <u>Claim</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 8,410	\$ 4,473	\$ -	\$ -	\$ 5,259	\$ 18,142
2003	2,808	5,894	-	-	3,452	12,154
2004	2,098	4,754	-	-	3,335	10,187
2005	4,311	1,263	-	-	2,874	8,448
2006	515	7,864	-	-	5,345	13,724
2007	6,327	-	-	-	4,030	10,357
2008	4,334	-	-	-	5,378	9,712
2009	2,938	10,828	-	40,948	5,162	59,876
2010	3,016	4,062	-	-	7,832	14,910
2011	2,861	1,176	1,500	45,288	10,792	61,617

Source: District records

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

UNAUDITED

Year	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Public Utilities (Note a)	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (Note b)
2002	\$ 16,833,500	\$ 461,269,800	\$ 57,479,325	\$ 6,342,200	\$ 541,924,825	\$ 382,275	\$ 542,307,100	\$ 866,187,430	\$ 0.194
2003	15,434,700	466,628,400	57,269,925	6,342,200	545,675,225	654,399	546,329,624	1,008,707,124	0.173
2004	* 52,643,900	1,383,195,700	115,408,400	14,529,800	1,565,777,800	1,192,764	1,566,970,564 *	1,258,800,954	0.075
2005	66,156,900	1,376,696,200	110,883,492	14,529,800	1,568,266,392	955,308	1,569,221,700	1,532,257,927	0.077
2006	72,163,500	1,405,202,700	109,041,292	13,888,100	1,600,295,592	622,263	1,600,917,855	1,845,867,359	0.075
2007	55,679,700	1,444,938,500	108,759,692	13,888,100	1,623,265,992	452,644	1,623,718,636	2,059,025,155	0.077
2008	49,992,200	1,460,757,300	107,327,192	13,888,100	1,631,964,792	456,866	1,632,421,658	2,117,278,415	0.079
2009	49,142,700	1,468,876,900	107,072,492	13,888,100	1,638,980,192	474,647	1,639,454,839	2,165,573,976	0.082
2010	49,278,900	1,473,932,200	107,087,692	13,888,100	1,644,186,892	474,488	1,644,661,380	2,105,301,306	0.085
2011	51,021,700	1,477,800,300	107,161,192	13,888,100	1,649,871,292	402,358	1,650,273,650	2,051,268,462	0.087

* reflects reassessment

Source: Abstract of Ratables, Ocean County Board of Taxation

Notes: Real property is required to be assessed at market value.

Reassessment occurs when ordered by County Board of Taxation, normally when the assessed value is markedly different than true (market) value.

a Taxable value of machinery, implements and equipment of telephone, telegraph and messenger system companies.

b Tax rates are per \$100 of assessed valuation.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>		<u>Borough of Beach Haven School District</u>	<u>Southern Regional School District</u>	<u>County of Ocean</u>	<u>Borough of Beach Haven</u>	<u>Total Tax Rate</u>
2002	\$	0.194	0.530	0.741	0.773	2.238
2003		0.173	0.529	0.781	0.800	2.283
2004	*	0.075	0.219	0.300	0.289	0.883
2005		0.077	0.234	0.326	0.308	0.945
2006		0.075	0.240	0.340	0.322	0.977
2007		0.077	0.259	0.341	0.323	1.000
2008		0.079	0.265	0.347	0.331	1.022
2009		0.082	0.258	0.353	0.338	1.031
2010		0.085	0.254	0.364	0.351	1.054
2011		0.087	0.255	0.367	0.365	1.074

* reflects reassessment
Source: Borough Records

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	<u>2011</u>		<u>2002</u>	
	<u>Taxable Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>	<u>Taxable Assessed Valuation</u>	<u>Percentage of District's Net Assessed Valuation</u>
Taxpayer #1	\$ 6,215,800	0.38%	\$ 5,109,700	0.99%
Taxpayer #2	6,195,100	0.38%	4,000,000	0.78%
Taxpayer #3	6,008,300	0.36%	3,500,000	0.68%
Taxpayer #4	5,306,300	0.32%	2,500,000	0.49%
Taxpayer #5	4,928,400	0.30%	1,917,000	0.37%
Taxpayer #6	3,540,900	0.21%	1,827,100	0.36%
Taxpayer #7	3,446,400	0.21%	1,799,700	0.35%
Taxpayer #8	3,152,700	0.19%	1,772,100	0.34%
Taxpayer #9	2,989,000	0.18%	1,700,000	0.33%
Taxpayer #10	2,875,400	0.17%	1,659,700	0.32%
	<u>\$ 44,658,300</u>	<u>2.71%</u>	<u>\$ 25,785,300</u>	<u>5.02%</u>

Source: Municipal Tax Assessor and taxrecords.com

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (a)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 964,390	\$ 964,390	100.00%	\$ -
2003	1,050,979	1,050,979	100.00%	-
2004	942,753	942,753	100.00%	-
2005	1,160,149	1,075,775	92.73%	84,374
2006	1,192,689	1,108,315	92.93%	84,374
2007	1,198,525	1,114,151	92.96%	84,374
2008	1,246,466	1,162,092	93.23%	84,374
2009	1,296,324	1,296,324	100.00%	-
2010	1,348,177	1,348,177	100.00%	-
2011	1,402,104	1,402,104	100.00%	-

Source: District Records

Note: (a) School taxes are collected by the municipal tax collector. Under New Jersey State statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. From 2005 to 2008, the balance of that year's levy was received in July.

Debt Capacity

These schedules contain information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

EXHIBIT J-10

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Year	Governmental Activities			Bond		Business-Type Activities		Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases	Capital Leases				
2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.00%	\$ -
2003	-	-	-	-	-	-	-	-	0.00%	-
2004	-	-	-	-	-	-	-	-	0.00%	-
2005	-	-	-	-	-	-	-	-	0.00%	-
2006	-	-	-	-	-	-	-	-	0.00%	-
2007	-	-	-	-	-	-	-	-	0.00%	-
2008	-	-	-	-	-	-	-	-	0.00%	-
2009	-	-	-	-	-	-	-	-	0.00%	-
2010	-	-	-	-	-	-	-	-	0.00%	-
2011	-	-	-	-	-	-	-	-	0.00%	-

Source: District Records

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

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Obligation Bonds		<u>Deductions</u>	Net General Bonded Debt Outstanding		Debt as a Percentage of Assessed Value of Property	Net Bonded Debt Per Capita		
2002	\$	-	\$	-	\$	-	0.00%	\$	-
2003		-		-		-	0.00%		-
2004		-		-		-	0.00%		-
2005		-		-		-	0.00%		-
2006		-		-		-	0.00%		-
2007		-		-		-	0.00%		-
2008		-		-		-	0.00%		-
2009		-		-		-	0.00%		-
2010		-		-		-	0.00%		-
2011		-		-		-	0.00%		-

Source: District Records

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2010
UNAUDITED

Net Direct Debt of School District as of December 31, 2010		\$	-
Net Overlapping Debt of School District:			
Borough of Beach Haven (100%)	\$	4,479,620.00	
County of Ocean - Borough's Share (1.972%)		<u>8,421,399.28</u>	
			<u>12,901,019.28</u>
Total Direct and Overlapping Debt as of December 31, 2010		\$	<u>12,901,019.28</u>

Sources: State of New Jersey Department of Community Affairs, Borough of Beach Haven and
Ocean County Board of Taxation

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
LAST NINE FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2010:

Equalized valuation basis:	
2008	\$ 2,155,831,958
2009	2,098,028,920
2010	2,040,693,673
	<u>\$ 6,294,554,551</u>
Average Equalized Valuation of Taxable Property	<u>\$ 2,098,184,850</u>

Debt Limit (3% of average equalized valuation) \$ 62,945,546
 Less: Total net debt applicable to limit
 Legal Debt Margin \$ 62,945,546

	Fiscal Year										
	2011	2010	2009	2008	2007	2006	2005	2004	2003		
Debt limit											
Total net debt applicable to limit	\$ 62,945,546	63,592,642	62,876,955	59,375,819	53,587,241	45,806,630	37,742,528	30,992,883	25,607,809		
Legal debt margin	\$ 62,945,546	63,592,642	62,876,955	59,375,819	53,587,241	45,806,630	37,742,528	30,992,883	25,607,809		
Total net debt applicable to the limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
as a percentage of debt limit											0.00%

Source: District Records
 Equalized Valuation provided by Division of Local Government Services,
 Department of Community Affairs, State of New Jersey.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year Ended December 31,</u>	<u>(a) Population</u>	<u>(b) Personal Income</u>	<u>(c) Per Capita Personal Income</u>	<u>(d) Unemployment Rate</u>
2001	1,288	\$ 36,625,568	\$ 28,436 *	4.4%
2002	1,302	\$ 39,089,946	\$ 30,023	6.0%
2003	1,302	\$ 41,009,094	\$ 31,497	6.3%
2004	1,325	\$ 42,111,150	\$ 31,782	5.5%
2005	1,351	\$ 45,336,858	\$ 33,558	6.9%
2006	1,366	\$ 47,139,294	\$ 34,509	7.7%
2007	1,379	\$ 49,695,023	\$ 36,037	6.8%
2008	1,391	\$ 51,784,148	\$ 37,228	8.8%
2009	1,403	\$ 55,447,963	\$ 39,521	14.3%
2010	1,170	\$ 46,422,090	\$ 39,677	14.9%

* Estimated

Sources:

- (a) Population information provided by the NJ Department of Labor and Workforce Development. 2010 population provided by U.S. Census Bureau.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income based upon county-wide data provided by NJ Department of Labor and Workforce Development.
- (d) Unemployment data provided by the NJ Department of Labor and Workforce Development.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

The Borough of Beach Haven is a small community with a year-round population of less than 1,400.

Many businesses are seasonal, and data on number of employees is unavailable.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Instruction:										
Regular	10	10	10	10	10	10	9	9	10	10
Special	3	3	3	3	3	3	3	2	2	2
Other	1	1	1	1	1	1	1	1	1	1
School Sponsored/Other Instructional										
Support Services:										
Tuition										
Attendance & Health Services	1	1	1	1	1	1	1	1	1	1
Support Service - Students										
Support Service - Instructional Staff										
General Administration	1	1	1	1	1	1	1	1	1	1
School Administration	2	2	2	2	2	2	2	2	2	2
Operations and Maintenance	2	2	2	2	2	2	2	2	2	2
Student Transportation	1	1	1	1	1	1	1	1	1	1
Business & Other Support Services										
Total	21	21	21	21	21	21	20	19	20	20

Source: District Records

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>Percentage Change Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2002	79	\$ 1,068,922	\$ 13,531	0.44%	13	6.1	79.9	75.6	-4.54%	94.62%
2003	83	1,211,425	14,595	7.87%	12	6.9	85.9	81.1	7.51%	94.41%
2004	88	1,270,375	14,436	-1.09%	13	6.8	89.6	84.8	4.31%	94.64%
2005	88	1,309,744	14,883	3.10%	14	6.3	79.6	75.2	-11.16%	94.47%
2006	71	1,321,936	18,619	25.10%	14	5.1	69.1	65.6	-13.19%	94.93%
2007	72	1,480,676	20,565	10.45%	14	5.1	65.3	62.0	-5.50%	94.95%
2008	71	1,514,584	21,332	3.73%	14	5.1	70.2	66.1	7.50%	94.16%
2009	77	1,536,272	19,952	-6.47%	14	5.5	76.0	69.7	8.26%	91.71%
2010	73	1,511,778	20,709	3.80%	14	5.2	69.9	63.3	-8.03%	90.59%
2011	74	1,492,069	20,163	-2.64%	14	5.3	73.3	66.4	4.86%	90.59%

Source: District Records

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>District Building</u>										
<u>Elementary</u>										
Beach Haven Elementary (1912)										
Square Feet	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Capacity (Students)	175	175	175	175	175	175	175	175	175	175
Enrollment	63	61	77	71	72	71	88	88	83	79

Number of schools at June 30, 2011
Elementary = 1

Source: District Records

Notes: Year of original construction is shown in parentheses.
Enrollment is based on the annual October district count.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
GENERAL FUND

SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES FOR SCHOOL FACILITIES

For the Last Ten Fiscal Years Ended June 30, 2011

**UNDISTRIBUTED EXPENDITURES -- REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES**
11-000-260-420

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
* School Facilities	<u>\$ 62,844</u>	<u>\$ 86,030</u>	<u>\$114,166</u>	<u>\$ 82,324</u>	<u>\$ 94,786</u>	<u>\$ 54,272</u>	<u>\$ 77,838</u>	<u>\$ 97,750</u>	<u>\$ 104,857</u>	<u>\$ 48,078</u>
Elementary School										

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
UNAUDITED

<u>Carrier</u>	<u>Coverage</u>	<u>Deductible</u>
A Commercial Property Coverages:		
Blanket Building and Personal Property	\$ 3,095,674	\$ 500
Equipment Floater	\$ 62,000	\$ 250
A Commercial General Liability:		
General Aggregate	\$ 2,000,000	
Products/Completed Operations Aggregates	\$ 2,000,000	
Each Occurrence	\$ 1,000,000	
Personal and Advertising Injury	\$ 1,000,000	
Fire Damage Legal Liability	\$ 100,000	
Medical Expense Limit (any one person)	\$ 5,000	
A Business Automobile:		
Liability Limit	\$ 1,000,000	
Personal Injury Protection	PIP	
Auto Medical Payments	\$ 5,000	
Uninsured Motorist	\$ 1,000,000	
Underinsured Motorist	\$ 1,000,000	
A Workers Compensation	\$ 500,000	
A Commercial Umbrella:		
Each Occurrence - Bodily Injury and Property Damage	\$ 2,000,000	
General Aggregate	\$ 4,000,000	
A Fidelity Bonds:		
Treasurer of School Moneys	\$ 150,000	
Board Secretary	\$ 50,000	
Blanket Bond	\$ 10,000	
B Accident & Health		
Traveling Accident Medical Expense	\$ 500,000	
Student Accident	\$ 1,000,000	
C School Leaders Errors and Omissions	\$ 1,000,000	\$ 10,000
A Flood Insurance:		
Building	\$ 292,800	\$ 5,000
Contents	\$ 127,700	\$ 5,000

Carriers: **A:** Selective Insurance; **B:** Guarantee Trust Life; **C:** National Union Fire Insurance

Source: District Records

Single Audit Section

DAVID J. PAWLISHAK

Certified Public Accountant

Registered Municipal Accountant

Public School Accountant

(609) 709-0071

48 MULBERRY DRIVE
MANAHAWKIN, NEW JERSEY 08050
d.pawlishak.cpa@comcast.net

Exhibit K-1

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

The Honorable President and
Members of the Board of Education
Borough of Beach Haven School District
County of Ocean
Beach Haven, New Jersey

I have audited the financial statements of the Board of Education of the Borough of Beach Haven School District, in the County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued my report thereon dated October 24, 2011. I conducted my 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.

Internal Control over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting as 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Beach Haven Board of Education's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended for the information and use of the audit committee, management, the Borough of Beach Haven 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 those specified parties.



DAVID J. PAWLISHAK
Certified Public Accountant
Licensed Public School Accountant
Number 20CS00091700
David J. Pawlishak, CPA, RMA

October 24, 2011

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Program Award Amount	Balance at June 30, 2010	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balances	Balance at June 30, 2011	
											(Accounts Receivable)	Deferred Revenue/ Interfund Payable
U.S. Department of Education Passed-through State Dept. of Educ.:												
Special Revenue Fund:												
I.D.E.A. Part B, Basic Regular	84.027	FT11	9/1/10-8/31/11	\$ 15,148.00	-	-	15,148.00	15,148.00	-	-	-	-
Total Special Revenue Fund					-	-	15,148.00	15,148.00	-	-	-	-
Total Federal Financial Awards					\$ -	-	15,148.00	15,148.00	-	-	-	-

See accompanying notes to schedules of financial assistance.

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program Award Amount	Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011		
										(Accounts Receivable)	Deferred Revenue/ Interfund Payable	
State Department of Education												
General Fund:												
Special Education Aid	10-495-034-5120-011	7/1/09-6/30/10	16,097.00	(2,472.40)	-	2,472.40	-	-	-	-	-	
Transportation Aid	10-495-034-5120-030	7/1/09-6/30/10	1,466.00	(222.45)	-	222.45	-	-	-	-	-	
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	2,249.00	(346.00)	-	346.00	-	-	-	-	-	
Adjustment Aid	10-495-034-5120-085	7/1/09-6/30/10	27,591.00	(4,245.15)	-	4,245.15	-	-	-	-	-	
Nonpublic Transportation Aid	10-100-034-5120-068	7/1/09-6/30/10	705.00	(705.00)	-	705.00	-	-	-	-	-	
Nonpublic Transportation Aid	11-100-034-5120-068	7/1/10-6/30/11	870.00	-	-	(870.00)	-	-	-	(870.00)	-	
On-behalf TPAF pension contribution	11-495-034-5095-050	7/1/10-6/30/11	51,276.00	-	-	(51,276.00)	-	-	-	-	-	
Reimb. TPAF social sec. contribution	11-100-034-5095-051	7/1/10-6/30/11	54,127.11	-	-	(54,127.11)	-	-	-	-	-	
Total General Fund:				(7,991.00)	-	113,394.11	(106,273.11)	-	-	(870.00)	-	
Special Revenue Fund:												
Total Special Revenue Fund				-	-	-	-	-	-	-	-	
Total State Financial Assistance												
				\$ (7,991.00)	-	113,394.11	(106,273.11)	-	-	(870.00)	-	

See accompanying notes to schedules of financial assistance.

Borough of Beach Haven 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 of the Borough of Beach Haven School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund (if any), 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.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison 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 \$7,121.00 for the general fund and (\$1,934.46) for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. 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	\$ -	113,394.11	113,394.11
Special Revenue Fund	13,213.54	-	13,213.54
	<u>\$ 13,213.54</u>	<u>113,394.11</u>	<u>126,607.65</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Borough of Beach Haven School District has no loans outstanding at June 30, 2011.

NOTE 6. OTHER

The amount reported as TPAF pension contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2011. TPAF social security contributions represents the amounts reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section II – Financial Statement Findings

No matters were reported.

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section III -- Federal Awards and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

No matters were reported.

**BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs (cont'd)

STATE AWARDS

No matters were reported.

BOROUGH OF BEACH HAVEN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

STATUS OF PRIOR YEAR FINDING

There were no prior year findings.