

SCHOOL DISTRICT

OF

BELMAR



**BELMAR BOARD OF EDUCATION
BELMAR, NEW JERSEY**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

BELMAR BOARD OF EDUCATION

BELMAR, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY

**BELMAR BOARD OF EDUCATION
BUSINESS ADMINISTRATOR/BOARD SECRETARY
LORETTA HILL**

BELMAR SCHOOL DISTRICT

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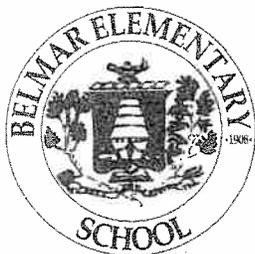
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INTRODUCTORY SECTION



BELMAR BOARD OF EDUCATION

1101 MAIN STREET, BELMAR, NEW JERSEY 07719

DAVID R. HALLMAN
SUPERINTENDENT
PRINCIPAL
732-681-2388

LORETTA HILL
BUSINESS ADMINISTRATOR
BOARD SECRETARY
732-681-8888

November 10, 2011

Honorable President and
Members of the Board of Education
Borough of Belmar School District
County of Monmouth
Belmar, New Jersey 07719

Dear Board Members:

The comprehensive annual financial report for the Belmar Borough School District for the fiscal year ending June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rest with the management of the Belmar 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 districts organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, and 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 State and Local Governments" and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control and structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS' SERVICES - Borough of Belmar School District is an independent reporting entity within the criteria adopted by GASB as established by NCGA Statement No.3. All funds and account groups for the district are included in this report. The Belmar Board of Education and the Belmar Elementary School constitute the district's reporting entity.

The district provides a full range of educational services appropriate to grade levels Pre-K through eight. Students in grades nine through twelve are assigned by board policy to Manasquan, Asbury Park, Red Bank Regional, Marine Academy of Science and Technology, High Tech High School, Allied Health and Science Academy, Class Academy, Communications High School and the Academy High School Charter School. The district provides a comprehensive special education program for all preschool through eighth grade students. The district also provides for the educational needs of all resident students of Lake Como in grades Pre-K through eight and in the area of special education. The district completed the 2010/11 fiscal year with an average enrollment of 560, which is about the same as the previous year's average enrollment. The following details the changes in student enrollment of the district over the last ten years:

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010/2011	560	0.2
2009/2010	559	4.8
2008/2009	533	1.9
2007/2008	523	(2.0)
2006/2007	534	(1.7)
2005/2006	543	(3.4)
2004/2005	562	1.0
2003/2004	556	(0.7)
2002/2003	562	(2.9)
2001/2002	579	(1.5)
2000/2001	588	(4.0)

2) ECONOMIC CONDITIONS AND OUTLOOK: Belmar is a seashore community that has been undergoing a transformation on the oceanfront. Longstanding business properties have been sold and are currently being redeveloped as single family homes. Many of these homes are valued at over two million dollars. This transition will further limit the availability of housing for low income families as the other properties in Belmar continue to increase in value exceeding what low income families can afford. Belmar has a shopping area made up of independent stores and restaurants. The town is in the process of starting a redevelopment of the downtown area and redeveloping the seaport area. Some older structures are being replaced with mixed business/residential use buildings. With the new homes being built on the oceanfront and the rise of real estate prices in the town, the tax base for the community has increased. There are no major industries located in Belmar, therefore, the majority of the residents work outside the community. The largest employers are the Board of Education and Municipal government.

3) MAJOR INITIATIVES: During the 2011/2012 school year we are implementing a school wide independent reading program called 100 Book Challenge, which is a response to intervention, research-based instructional program that services all students. Every reading/language arts teacher is involved in a fifteen-day, year-long professional development training to better understand and implement the reader's workshop format of

this program. Each classroom is provided with a leveled library of high-interest literature on a spectrum of reading levels. The goal of this program is to promote and encourage students to become avid readers, to build reading stamina, and to give teachers the instructional time and resources to meet regularly with students both individually and in small groups to work on targeted literacy skills.

During the 2010/2011 school year, using the ARRA funding for IDEA and Title I we purchased educational technology for the Basic Skills and Special Education programs. In addition, Polyvision and Mimio interactive systems have been purchased and implemented throughout the school.

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 is 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 reasonably, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management.

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

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

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

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

6) ACCOUNTING SYSTEM AND REPORTS: The district's accounting records reflect generally accepted accounting principles, are promulgated by the Government 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. 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, 2010, and the amount and percentage.

	Amount	Prior Year	Percent of Total	Increase/ (Decrease) from 2010
\$	9,832,638	\$ 9,507,505	78%	\$ 325,133
\$	2,043,649	\$ 1,857,450	16%	\$ 186,199
\$	705,068	\$ 856,020	6%	\$ (150,952)
\$	12,581,355	\$ 12,220,975.00	100%	\$ 360,380.00

The following schedule presents a summary of current expenses and capital projects for the fiscal year ended June 30, 2010, and the percentage of an increase and decreases in relation to prior year amounts.

<u>Expenditures</u>	Amount	Percent of Total	Increase/ (Decrease) from 2010
Current Expense			
Instruction	\$ 3,423,195.00	27%	\$ (234,146.00)
Undistributed Exp	7,255,880.00	58%	272,024.00
Special Schools	4,703.00	0%	(360.00)
Capital Outlay	148,890.00	1%	131,653.00
Special Revenue	1,330,105.00	11%	69,661.00
Debt Service			
Principal	240,966.00	2%	12,395.00
Interest	158,182.00	1%	(9,526.00)
Total	\$ 12,561,921.00	100%	\$ 241,701.00

8) DEBT ADMINISTRATION: As of June 30, 2011, the district's outstanding debt was \$3,240,232. The debt is comprised of four funding sources. The original funding came from the New Jersey Economic Development Authority as a loan financed through the Low Interest Loan Facilities Program at an interest rate to the district in two categories. The first loan of \$900,000 was financed through the Small Project Loan at an interest rate of 5.288% and the second loan of \$900,000 was 1.5%. The Small Project Loan was refinanced in 2005 resulting in a savings of \$37,244. The proceeds were used to provide funds for the 17,000 square foot addition to the Belmar Elementary School and other renovations to the existing building.

During the 2010/2011 School Year there was not any additional debt issued. In July, 2003 the Board of Education retired the present value of an unfunded liability to the Teachers' Pension and Annuity fund for an early retirement incentive by issuing refunding bonds in the amount of \$540,000. The refinancing of this debt saved the district \$239,348 in interest expense. Also, bonds in the amount of \$3,370,000 were issued in August, 2003 to fund the local share of the capital project that was passed by referendum in March, 2003 and partially funded by the State of New Jersey, Economic Development Authority. The net interest rate of the bonds is 4.35% payable over 20 years. The proceeds of the bonds along with the grant from the State of New Jersey was used to complete \$5,600,000 in renovations to the Belmar Elementary School.

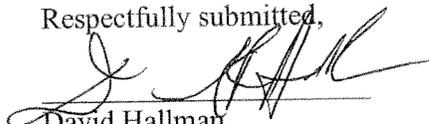
9) CASH MANAGEMENT: The investment policy of the district is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The district has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Government Units from 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 secure 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 independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPAs and Registered Municipal Accountants conducted the annual audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit report of this report.

12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Belmar Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contribute their full support to the development and maintenance of our financial operation.

Respectfully submitted,


David Hallman
Superintendent/Principal


Loretta Hill
Board Secretary/School
Business Administrator

BELMAR BOARD OF EDUCATION**BELMAR, NEW JERSEY****ROSTER OF OFFICIALS****JUNE 30, 2011**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Cherie Adams, President	2013
Mark Walsifer, Vice-President	2014
Richard Brand	2012
Jean Folker	2013
Mark Furey	2014
Joanne Gray	2012
Rebecca Herbert	2014
Dennis Lepore	2013
Michael Schappert	2012
Michael Howell (Sending district representative)	2012
<u>Other Officials</u>	
David Hall, Superintendent/Principal	
Loretta Hill, School Business Administrator/Board Secretary	
Eileen F. Ertle, Treasurer of School Monies	
Michael Gross, Board Attorney	

BELMAR BOARD OF EDUCATION**CONSULTANT AND OFFICIALS****JUNE 30, 2011****AUDIT FIRM**

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

ATTORNEY

Michael Gross
Kenney, Gross, Kovats and Parton
130 Maple Avenue
Red Bank, N.J. 07701

OFFICIAL DEPOSITORIES

Ocean First Bank
Sovereign Bank

INSURERS

Boynton and Boynton
P.O. Box 887
Red Bank, New Jersey 07701

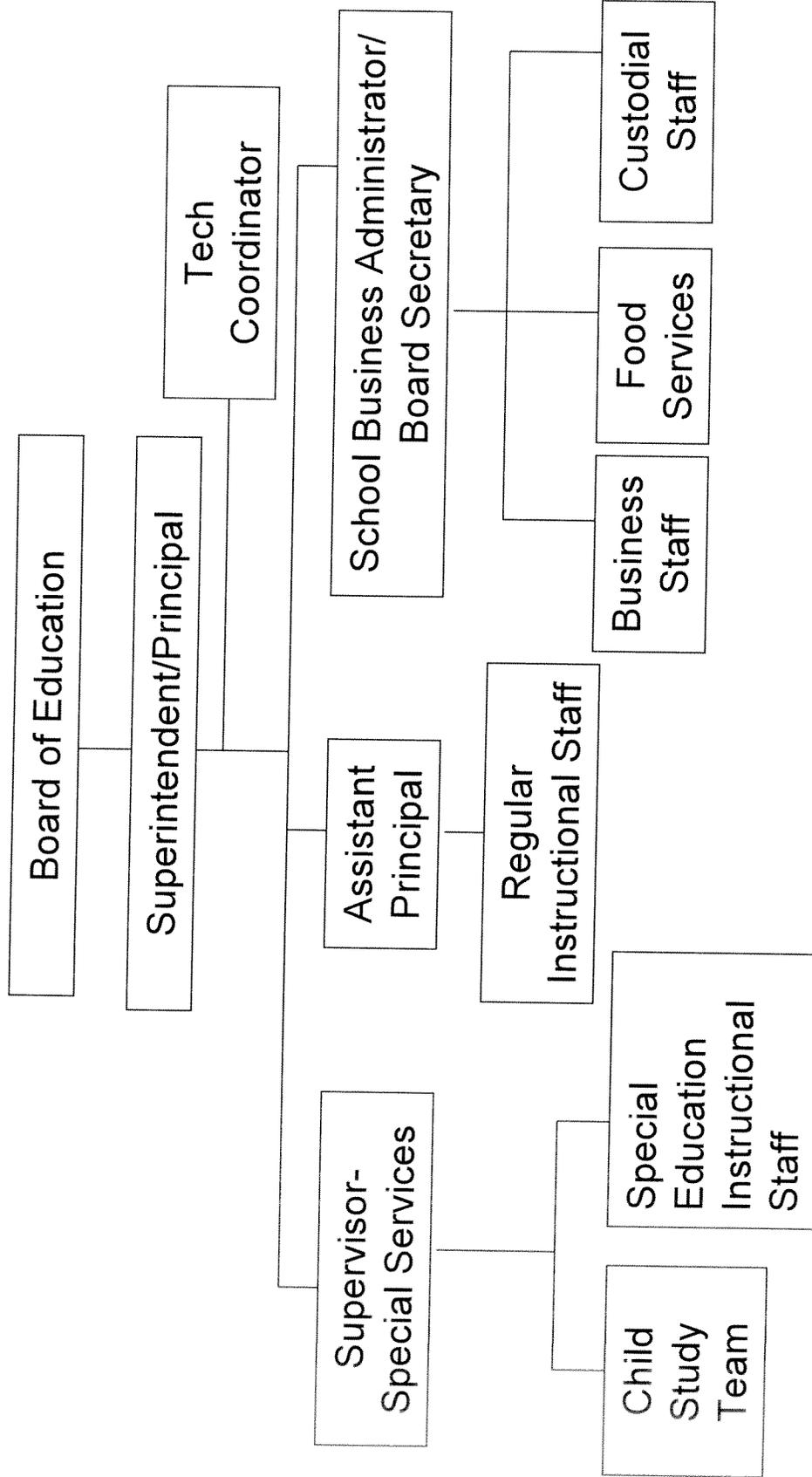
ARCHITECT

Tomaino, Tomaino, and Iamello
136 Brighton Avenue
Deal, New Jersey 07723

BELMAR BOARD OF EDUCATION

ORGANIZATIONAL CHART

(UNIT CONTROL)



adopted August 23, 2007

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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INDEPENDENT AUDITOR'S REPORT

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2011, on our consideration of the Belmar Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 17 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

November 10, 2011

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

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

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

The MD & A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statement - and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. The new reporting model contains necessary comparative information of the previous year.

Financial Highlights

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

- General revenues accounted for \$11,258,729 in revenue or 88% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,569,794 or 12% percent to total revenues of \$12,828,553.
- Total assets of governmental activities decreased by \$859,419 as cash and cash equivalents decreased by \$324,881, receivables increased by \$289,959 and capital assets decreased by \$824,497.
- The School District had \$12,733,304 in expenses; only \$1,569,794 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes, tuition and state aid) of \$11,258,729 plus designated surplus and withdrawals from tuition reserve and capital reserve of \$368,211 were adequate to provide for these programs.
- The General Fund had \$10,859,581 in revenues and \$10,832,668 in expenditures. The General Fund's balance increased \$26,913 over 2010. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a

longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Belmar Public School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

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

Table 1
Net Assets

	2010		2011
Assets			
Current and Other Assets	\$ 1,639,103	\$	2,087,202
Capital Assets, Met	6,598,183		5,785,437
Total Assets	<u>\$ 8,237,286</u>	<u>\$</u>	<u>7,872,639</u>
Liabilities			
Long-Term Liabilities	\$ 3,505,569	\$	3,366,038
Other Liabilities	360,321		317,789
Total Liabilities	<u>\$ 3,865,890</u>	<u>\$</u>	<u>3,683,827</u>
Net Assets			
Invested in Capital Assets, Net of Debt	\$ 2,851,648	\$	2,652,213
Restricted	1,418,992		1,395,164
Unrestricted	(85,244)		141,345
Total Net Assets	<u>\$ 4,185,396</u>	<u>\$</u>	<u>4,188,722</u>

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

Table 2
Changes in Net Assets

<u>Revenues</u>	<u>2010</u>	<u>2011</u>
Program Revenues		
Charges for Services	\$ 86,131	\$ 96,093
Operating Grants and Contributions	1,450,502	1,473,201
General Revenues		
Property Taxes	7,521,205	7,605,168
Grants and Entitlements	1,453,351	1,426,091
Tuition	1,984,333	2,161,851
Other	64,049	65,700
Total Revenues	\$ 12,559,571	\$ 12,828,104
 <u>Program Expenses</u>		
Instruction	\$ 4,528,984	\$ 4,356,829
Support Services		
Pupils and Instructional Staff	3,387,263	3,940,702
General Administration, School Administration, Business Services, Unalloc. Benefits	3,139,359	2,927,120
Operations and Maintenance of Facilities	727,404	668,888
Pupil Transportation	435,044	430,071
Special Schools/Charter School	5,063	4,703
Interest on Debt	164,020	154,264
Food Service	235,735	250,727
Total Expenses	\$ 12,622,872	\$ 12,733,304
Increase/(Decrease) in Net Assets	\$ (63,301)	\$ 94,800

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 69% percent of revenues and tuition from other school districts made up 18% of revenues for governmental activities for the Belmar Public School District for fiscal year 2011. The District's total revenues were \$12,828,104 for the fiscal year ended June 30, 2011. Federal and state grants, as well as miscellaneous revenue accounted for 13%.

Business-Type Activities

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

- Food service expenditures exceeded revenues by \$3,478 and for the fourth year in a row, the Board did not subsidize the food services operation. The food service program shows a decrease of \$3,478 change in net assets due to the purchase of major equipment and repairs. The day to day operations of the food service program was profitable.

- Charges for services represent \$96,093 of revenue. This represents amounts paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$151,075.

Governmental Activities

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

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

The School District's Funds

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

As the School Board completed the fiscal year ended June 30, 2011, it reported a combined net asset balance of \$4,188,722. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

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

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

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

The General Fund finished the fiscal year with approximately \$249,258 less in expenditures than budgeted. The General Fund generated \$24,302 more in Revenues than budgeted. The additional revenue over expenditures will be carried forward to the following year beginning fund balance. In June, 2011 the Board approved \$375,000 increase in reserves for capital projects, maintenance, and tuition for the upcoming years. The balance of unreserved surplus at July 1, 2011 is \$226,645.

Capital Assets

At June 30, 2011, the School Board had approximately \$5,785,437 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2010 and 2011 fiscal year.

Table II

	2010	2011
Capital Assets		
<u>Governmental Activities</u>		
Land	\$ 481,300	\$ 481,300
Construction in Progress	-	-
Buildings & Machinery and Equipment	6,590,735	6,247,538
Total Governmental Activities	<u>\$ 7,072,035</u>	<u>\$ 6,728,838</u>
<u>Business Type Activities</u>		
Machinery & Equipment	\$ 7,448.00	\$ 19,199.00
Total Capital Assets	<u>\$ 7,079,483</u>	<u>\$ 6,748,037</u>

Debt Administration

At June 30, 2011, the School District had \$3,366,038 as outstanding debt. Of this amount \$125,806 is for compensated absences, \$225,232 is for loans payable, and the balance \$3,015,000 is for bonds for school construction. On March 11, 2003 the voters of the Borough of Belmar approved the renovation to the Elementary school in the amount of \$5,616,977. The state of New Jersey is funding 40% or \$2,246,791 and Bonds were issued for the remaining \$3,370,000.

Economic Factors and Next Year's Budget

The Belmar Public School District is in very good financial condition presently. The Borough of Belmar is primarily a residential community, with few commercial ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

For the 2010-2011 school year, the School Board was able to sustain its general fund budget through the local tax levy, state education aid, federal aid, tuition and local revenue sources. Approximately 13% of the School Board's general fund revenue is from State Aid, 68% of total revenue is from the local tax levy, 18% is from tuition from other LEA's and less than 1% is from miscellaneous revenue, which among other things includes interest on deposits.

The district has net assets of \$4,188,722 for all governmental activities representing the accumulated results of all past years' operations. The unrestricted portion of the net assets is \$141,345. This means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a surplus of \$141,345. The district also has \$496,899 in capital reserve monies and \$450,000 in Tuition Reserve, \$201,005 in Emergency Reserve, and \$150,450 in Maintenance Reserve, as well as the fair market value of the capital assets.

While State aid has been essentially frozen over the last few years, over the past two years the amount of state aid to the District has decreased significantly. In 2008/2009 the District received \$1,383,388 in State Aid. This amount decreased to \$1,018,000 in 2009/2010 and \$966,613 in 2010/2011. The district supplemented the loss of state aid with surplus funds and cost savings through salary negotiations and a minimal reduction in staff. The student population has remained relatively constant over the past for years. In the future, the tax levy will be the area that will need to absorb any increase in budget obligations and that is limited to a 2% cap.

The School Board anticipates that enrollment for the 2011-2012 school year will remain stable. The School Board cannot accurately forecast future enrollment, but many school Districts in Monmouth County faced decreased enrollments over the past few years while the enrollment in Belmar has increased.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact: Ms. Loretta Hill, School Business Administrator/Board Secretary at Belmar Board of Education, 1101 Main St, Belmar, NJ 07719.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

BELMAR SCHOOL DISTRICT

18.

STATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ -	35,326	35,326
Receivables, Net	480,613	9,311	489,924
Inventory		1,327	1,327
Restricted Assets:			
Cash and Cash Equivalents	1,079,324		1,079,324
Capital Assets Not Being Depreciated	481,300		481,300
Capital Assets, Net	5,766,238	19,199	5,785,437
Total Assets	<u>7,807,475</u>	<u>65,163</u>	<u>7,872,638</u>
<u>Liabilities</u>			
Deferred Revenue	50,742		50,742
Accounts Payable	1,711	16,940	18,651
Noncurrent Liabilities:			
Due Within One Year	248,496		248,496
Due Beyond One Year	3,366,038		3,366,038
Total Liabilities	<u>3,666,987</u>	<u>16,940</u>	<u>3,683,927</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	2,633,004	19,199	2,652,203
Restricted For:			
Other Purposes	1,362,716		1,362,716
Unrestricted	144,768	29,024	173,792
Total Net Assets	<u>\$ 4,140,488</u>	<u>48,223</u>	<u>4,188,711</u>

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

BELMAR SCHOOL DISTRICT
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular	\$ 2,597,886	2,161,851		(436,035)		(436,035)
Special Education	1,206,860		1,322,626	115,766		115,766
Other Special Instruction	104,200			(104,200)		(104,200)
Other Instruction	187,545			(187,545)		(187,545)
Support Services:						
Tuition	2,923,359			(2,923,359)		(2,923,359)
Student & Instruction Related Services	1,277,681			(1,277,681)		(1,277,681)
General Administrative Services	232,809			(232,809)		(232,809)
School Administrative						
Services	395,442			(395,442)		(395,442)
Plant Operations and Maintenance	668,888			(668,888)		(668,888)
Pupil Transportation	430,071			(430,071)		(430,071)
Unallocated Employee Benefits	1,942,439			(1,942,439)		(1,942,439)
Unallocated Depreciation	356,430			(356,430)		(356,430)
Interest on Long-Term Debt	154,264			(154,264)		(154,264)
Special Schools	4,703			(4,703)		(4,703)
Total Governmental Activities	12,482,577	2,161,851	1,322,626	(8,998,100)	-	(8,998,100)
Business-Type Activities:						
Food Service	250,727	96,093	151,075		(3,559)	(3,559)
Total Business-Type Activities	250,727	96,093	151,075	-	(3,559)	(3,559)
Total Primary Government	12,733,304	2,257,944	1,473,701	(8,998,100)	(3,559)	(9,001,659)

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

BELMAR SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	7,206,020		7,206,020
Taxes Levied for Debt Service Federal and State Aid Not Restricted	399,148		399,148
Investment Earnings and Miscellaneous Income	1,426,091		1,426,091
Total General Revenues, Special Items, Extraordinary Items and Transfers	65,619	81	65,700
Change in Net Assets	9,096,878	81	9,096,959
Adjustment for Fixed Assets and Debt	98,778	(3,478)	95,300
Net Assets - Beginning	(104,540)	12,555	(91,985)
	4,146,250	39,146	4,185,396
Net Assets - Ending	<u>\$ 4,140,488</u>	<u>48,223</u>	<u>4,188,711</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ -		-
Interfund Receivable	319,204		319,204
Restricted Cash and Cash Equivalents	1,079,324		1,079,324
Receivables, Net	<u>127,300</u>	<u>353,313</u>	<u>480,613</u>
Total Assets	<u>\$ 1,525,828</u>	<u>353,313</u>	<u>1,879,141</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts Payable	\$ -	1,711	1,711
Interfund Payable		319,204	319,204
Deferred Revenue		<u>50,742</u>	<u>50,742</u>
Total Liabilities	<u>-</u>	<u>371,657</u>	<u>371,657</u>
Fund Balance:			
Restricted for:			
Designated for Subsequent			
Years Expenditures - Excess Surplus	11,358		11,358
Designated for Subsequent			
Years Expenditures - Tuition Reserve Budgeted Withdrawal	225,000		225,000
Tuition Reserve:			
2010-2011	225,000		225,000
Maintenance Reserve	150,450		150,450
Emergency Reserve	201,005		201,005
Capital Reserve Account	496,899		496,899
Assigned to:			
Other Purposes	43,862		43,862
Designated for Subsequent Years Expenditures - BOE	9,142		9,142
Unassigned:			
Special Revenue Fund		(18,344)	(18,344)
General Fund	<u>163,112</u>		<u>163,112</u>
Total Fund Balances	<u>1,525,828</u>	<u>(18,344)</u>	<u>1,507,484</u>
Total Liabilities and Fund Balance	<u>\$ 1,525,828</u>	<u>353,313</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 \$11,471,204 and the accumulated depreciation is \$5,223,666.

6,247,538

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

(3,614,534)

Net assets of governmental activities

\$ 4,140,488

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

BELMAR SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

<u>Revenues</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Local Sources:				
Local Tax Levy	\$ 7,206,020		399,148	7,605,168
Tuition Charges	2,161,851			2,161,851
Interest on Investments	3,100			3,100
Miscellaneous	62,519			62,519
Total Local Sources	<u>9,433,490</u>		<u>399,148</u>	<u>9,832,638</u>
State Sources	1,413,190	-		1,413,190
Federal Sources	12,901	630,459		2,043,649
Total Revenues	<u>10,859,581</u>	<u>630,459</u>	<u>399,148</u>	<u>705,068</u>
		<u>1,322,626</u>	<u>399,148</u>	<u>12,581,355</u>
<u>Expenditures</u>				
Current:				
Regular Instruction	2,597,886			2,597,886
Special Education Instruction	533,564	673,296		1,206,860
Other Special Instruction	104,200			104,200
Other Instruction	187,545			187,545
Support Services and Undistributed Costs:				
Tuition	2,923,359			2,923,359
Student and Instruction Related Services	662,872	614,809		1,277,681
General Administrative Services	232,809			232,809
School Administrative Services	395,442			395,442
Plant Operations and Maintenance	668,888			668,888
Pupil Transportation	430,071			430,071
Unallocated Benefits	1,942,439			1,942,439
Debt Service:				
Principal			240,966	240,966
Interest and Other Charges			158,182	158,182
Capital Outlay	148,890	42,000		190,890
Special Schools	4,703			4,703
Total Expenditures	<u>10,832,668</u>	<u>1,330,105</u>	<u>399,148</u>	<u>12,561,921</u>

BELMAR SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>26,913</u>	<u>(7,479)</u>	<u>-</u>	<u>19,434</u>
Net Change in Fund Balances	26,913	(7,479)	-	19,434
Fund Balance - July 1	<u>1,498,915</u>	<u>(10,865)</u>		<u>1,488,050</u>
Fund Balance - June 30	<u>\$ 1,525,828</u>	<u>(18,344)</u>	<u>-</u>	<u>1,507,484</u>

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

BELMAR SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Exhibit B-3TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$	19,434
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:			
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.			
Depreciation Expense	(356,430)		
Capital Outlays	<u>190,890</u>		
			(165,540)
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.			240,966
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.			<u>3,918</u>
Change in Net Assets of Governmental Activities		\$	<u><u>98,778</u></u>

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

BELMAR SCHOOL DISTRICT

STATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDS

JUNE 30, 2011

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 35,326
Accounts Receivable:	
State	235
Federal	8,918
Miscellaneous	158
Inventories	1,327
Total Current Assets	<u>45,964</u>
Noncurrent Assets:	
Equipment	43,138
Less: Accumulated Depreciation	<u>(23,939)</u>
Total Noncurrent Assets	<u>19,199</u>
Total Assets	<u><u>\$ 65,163</u></u>
<u>Liabilities</u>	
Accounts Payable	<u>\$ 16,940</u>
Total Liabilities	<u><u>\$ 16,940</u></u>
<u>Net Assets</u>	
Investment in Capital Assets	\$ 19,199
Unrestricted	<u>29,024</u>
Total Net Assets	<u><u>\$ 48,223</u></u>

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

BELMAR SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2011

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 95,935
Daily Sales Non-Reimbursable Programs	158
Total Operating Revenue	<u>96,093</u>
Operating Expenses:	
Cost of Food	107,784
Salaries	83,900
Management Fee	9,000
Insurance	7,804
Cost of Supplies	11,760
Depreciation	804
Audit	1,000
Repairs	285
Miscellaneous	28,390
Total Operating Expenses	<u>250,727</u>
Operating (Loss)/Profit	(154,634)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	3,328
Federal Sources:	
National School Lunch Program	122,257
Federal Breakfast Program	15,373
Food Distribution Program	10,117
Interest Revenue	81
Total Non-Operating Revenues	<u>151,156</u>
Change in Net Assets	(3,478)
Adjustment for Net Assets	12,555
Net Assets, July 1	<u>39,146</u>
Net Assets, June 30	<u>\$ 48,223</u>

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

BELMAR SCHOOL DISTRICT**STATEMENT OF CASH FLOWS****Exhibit B-6****PROPRIETARY FUNDS****JUNE 30, 2011**

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 96,093
Payments to Employees	(83,900)
Payments to Suppliers	(148,321)
Net Cash Used by Operating Activities	<u>(136,128)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	3,328
Federal Sources	137,630
Net Cash Provided by Noncapital Financing Activities	<u>140,958</u>
Cash Flows from Investing Activities:	
Interest	<u>81</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	4,911
Cash and Cash Equivalents July 1	<u>30,415</u>
Cash and Cash Equivalents June 30	<u>\$ 35,326</u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (154,634)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	804
Federal Commodities Consumed	10,117
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	3,127
Increase/(Decrease) in Accounts Payable	4,395
(Increase)/Decrease in Inventory	<u>63</u>
Net Cash Used by Operating Activities	<u>\$ (136,128)</u>

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

BELMAR SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET ASSETS**

Exhibit B-7

FIDUCIARY FUNDS**JUNE 30, 2011**

	Scholarship Fund	Unemployment Compensation Trust
	<hr/>	<hr/>
Assets:		
Cash and Cash Equivalents	\$ 800	89,302
	<hr/>	<hr/>
Total Assets	\$ 800	89,302
	<hr/> <hr/>	<hr/> <hr/>
Net Assets:		
Held in Trust for Unemployment Claims and Other Purposes	\$ 800	89,302
	<hr/>	<hr/>
Total Net Assets	\$ 800	89,302
	<hr/> <hr/>	<hr/> <hr/>

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

BELMAR SCHOOL DISTRICT**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

Exhibit B-8

FIDUCIARY FUNDS**JUNE 30, 2011**

	Scholarship Fund	Unemployment Compensation Trust
	<u> </u>	<u> </u>
<u>Additions</u>		
Contributions		
Other	\$ -	7,929
Total Contributions	<u>-</u>	<u>7,929</u>
Investment Earnings:		
Interest	-	250
Net Investments Earnings	<u>-</u>	<u>250</u>
Total Additions	<u>-</u>	<u>8,179</u>
<u>Deductions</u>		
Unemployment Claims	-	99,764
Total Deductions	<u>-</u>	<u>99,764</u>
Change in Net Assets	-	(91,585)
Net Assets - Beginning of Year	<u>800</u>	<u>180,887</u>
Net Assets - End of the Year	<u>\$ 800</u>	<u>89,302</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
BELMAR SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Belmar School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Belmar School District had an approximate enrollment at June 30, 2011 of 551 students.

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

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

B. Government-Wide Financial Statements

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

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

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

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

Stoner Scholarship Fund

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

E. Basis of Accounting:

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

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control:

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

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

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

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

G. Encumbrances:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses

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

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

J. Capital Assets and Depreciation

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

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation during 2003-2004. Accumulated depreciation for fiscal year 2011, fiscal year 2011 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Appraisal</u> <u>Adj.</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:					
Capital Assets that are					
Not Being Depreciated:					
Land	\$ 481,300	_____	_____	_____	481,300
Total Capital Assets Not					
Being Depreciated	<u>481,300</u>	_____	_____	_____	<u>481,300</u>
Site Improvements and					
Buildings	10,635,167				10,635,167
Machinery and					
Equipment	<u>341,504</u>	<u>13,233</u>	_____	_____	<u>354,737</u>
Totals	<u>10,976,671</u>	<u>13,233</u>	_____	_____	<u>10,989,904</u>
Less: Accumulated					
Depreciation for:					
Sites and Buildings	4,710,398	328,597			5,038,995
Equipment	<u>156,838</u>	<u>27,833</u>	_____	_____	<u>184,671</u>
Total Accumulated					
Depreciation	<u>4,867,236</u>	<u>356,430</u>	_____	_____	<u>5,223,666</u>
Net Depreciable Assets	<u>6,109,435</u>	<u>(343,197)</u>	_____	_____	<u>5,766,238</u>
Governmental Activities					
Capital Assets, Net	\$ 6,590,735	(343,197)			6,247,538
Business-Type Activities:					
Equipment	\$ 30,583	12,555			43,138
Less: Accumulated					
Depreciation for:					
Equipment	<u>23,135</u>	<u>804</u>	_____	_____	<u>23,939</u>
Business-Type Activities					
Capital Assets, Net	\$ 7,448	11,751			19,199

The fixed asset listing is updated each year by Acclaim inventory on-site, and assets are tagged, or deleted, as appropriate. The GASB 34 summaries are required to determine activity to be reported in the CAFR, as the additions and removals contain items for insurance purposes that are not capitalized for GASB 34 purposes. These can be identified on the comprehensive reports by the year included in the last column. If no year is in that column, then there was no GASB 34 asset. Minor adjustments (\$62) to the 2010-2011 depreciation expense was made to bring asset values into agreement at June 30, 2011.

NOTE 1: Summary of Significant Accounting Policies (Continued)

K. Accrued Salaries and Wages

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

L. Compensated Absences

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

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

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

M. Deferred Revenue

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

N. Long-Term Obligations

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

O. Fund Equity

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

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

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

Q. Tuition Payable

Tuition charges for the fiscal year 2010-2011 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. The District has elected to reserve \$225,000.00 for future tuition adjustment liabilities, which is within the 10% ceiling allowed by the Department of Education, State of New Jersey.

2010-2011 School Year	\$ 225,000
2009-2010 School Year	<u>225,000</u>
Balance June 30, 2011	550,000
To be Utilized in 2011-2012	<u>225,000</u>
Available for Future Years	<u>\$ 225,000</u>

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

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

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

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

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

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

FDIC	\$ 100,800
GUPDA	<u>1,746,882</u>
	<u>\$ 1,847,682</u>

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

	Cash and Cash
	<u>Equivalents</u>
Interest Bearing Checking Accounts	<u>\$ 1,230,050</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2011 was \$1,230,050 and the bank balance was \$1,847,682. Of the bank balance \$100,800 was covered by federal depository insurance and \$1,746,882 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Custodial Credit Risk – Deposits

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

The District had no uninsured deposits.

NOTE 3: General Long-Term Debt

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>	<u>Long-Term</u> <u>Portion</u>
Compensated Absences Payable	\$ 16,840	108,966		125,806		125,806
Loans Payable	439,695		(105,967)	333,728	108,496	225,232
Bonds Payable	<u>3,290,000</u>	<u> </u>	<u>(135,000)</u>	<u>3,155,000</u>	<u>140,000</u>	<u>3,015,000</u>
	<u>\$ 3,746,535</u>	<u>108,966</u>	<u>(240,967)</u>	<u>3,614,534</u>	<u>248,496</u>	<u>3,366,038</u>

A. Loans Payable

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2011-2012	\$ 108,486	10,294	118,780
2012-2013	111,197	6,279	117,476
2013-2014	<u>114,045</u>	<u>2,118</u>	<u>116,163</u>
	<u>\$ 333,728</u>	<u>18,691</u>	<u>352,419</u>

B. Bonds Authorized But Not Issued

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

NOTE 3: General Long-Term Debt (Continued)**C. Bonds Payable**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2012	\$ 140,000	137,921	277,921
2013	150,000	131,491	281,491
2014	155,000	124,723	279,723
2015	285,000	115,009	400,009
2016	295,000	102,181	397,181
2016-2020	1,495,000	311,091	1,806,091
2021-2023	<u>635,000</u>	<u>29,677</u>	<u>664,677</u>
	<u>\$ 3,155,000</u>	<u>952,093</u>	<u>4,107,093</u>

Bonds issued 7/8/03 for \$540,000 at interest from 5.00% to 5.50% maturing 10/1/2017 with a balance of \$300,000 at June 30, 2011.

Bonds issued 8/1/03 for \$3,370,000 at interest from 4.15% to 4.625% maturing 8/1/2022 with a balance of \$2,855,000 at June 30, 2011.

NOTE 4: Pension Plans

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

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

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

NOTE 4: Pension Plans (Continued)

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

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

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

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

Three-Year Trend Information for PERS

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 64,165	100%	\$ 0
6/30/10	53,292	100%	0
6/30/09	44,491	100%	0

NOTE 4: Pension Plans (Continued)**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/11	\$ 272,062	100%	0
6/30/10	254,190	100%	0
6/30/09	236,556	100%	0

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$272,062 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$274,258 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

NOTE 5: Post-Retirement Benefits

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

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

NOTE 6: Contingent Liabilities

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

NOTE 7: Equity Balance

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

Recapitulations:	
Restricted for:	
Emergency Reserve	\$ 201,005
Maintenance Reserve	150,450
Capital Reserve	496,899
Reserve for Tuition	225,000
Designated for Subsequent Year's Expenditures –	
Excess Surplus	11,358
Designated for Subsequent Year's Expenditures –	
Tuition Reserve Budgeted Withdrawal	225,000
Committed to:	
Other Purposes	43,862
Assigned to:	
Designated for Subsequent Year's Expenditures – BOE	9,142
Unassigned	<u>226,645</u>
	<u>\$ 1,589,361</u>

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

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

2% Calculation of Excess Surplus

2010-11 Total General Fund Expenditures Per the CAFR	\$ 10,832,668
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>(546,320)</u>
Adjusted 10-11 General Fund Expenditures	<u>\$ 10,286,348</u>
2% of Adjusted 2010-11 General Fund Expenditures	<u>\$ 205,727</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustment	<u>92,769</u>
Maximum Unassigned Fund Balance	<u>\$ 342,769</u>

NOTE 7: Equity Balance (Continued)**Section 2**

Total General Fund – Fund Balance @ 6-30-11	\$ 1,589,361
Decreased by:	
Year-End Encumbrances	(43,862)
Legally Restricted – Designated for Subsequent Year’s Expenditures	(225,000)
Legally Restricted – Excess Surplus – Designated for Subsequent Year’s Expenditures	(11,358)
Other Restricted Fund Balances	(1,073,354)
Assigned Fund Balance – Unreserved - Designated for Subsequent Years Expenditures	<u>(9,142)</u>
Total Unassigned Fund Balance	\$ 226,645
Restricted Fund Balance – Excess Surplus	\$ 0
<u>Recapitulation of Excess Surplus as of June 30, 2011</u>	
Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures	\$ 11,358
Reserved Excess Surplus	<u>0</u>
Total	\$ 11,358
<u>Detail of Allowable Adjustments</u>	
Extraordinary Aid	\$ 91,652
Additional Nonpublic School Transportation Aid	<u>1,117</u>
Total Adjustments	\$ 92,769
<u>Detail of Other Restricted Fund Balance</u>	
Capital Reserve	\$ 496,899
Maintenance Reserve	150,450
Emergency Reserve	201,005
Tuition Reserve	<u>225,000</u>
Total Other Restricted Fund Balance	\$ 1,073,354

NOTE 8: Risk Management

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

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

NOTE 8: Risk Management (Continued)

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2008-2009	1,971	7,326	28,598	226,996
2009-2010	0	8,125	54,234	180,887
2010-2011	0	8,179	99,764	89,302

NOTE 9: Interfund Receivables and Payables

The following Interfunds were on the books as of June 30, 2011:

	<u>From</u>	<u>To</u>
General Fund	\$	319,204
Special Revenue Fund	319,204	

NOTE 10: Capital Reserve Account

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

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

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

NOTE 10: Capital Reserve Account (Continued)

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

Beginning Balance July 1, 2010	\$ 507,187
Transfer by Resolution	100,000
Interest Earnings	<u>712</u>
	607,899
Less: Appropriated in 2011-2012 Budget	<u>(111,000)</u>
Balance June 30, 2011	<u>\$ 496,899</u>

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

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district’s LRFP and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f)1).

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

NOTE 11: Fair Values of Financial Instruments

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

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

NOTE 12: Fund Balance Appropriated

General Fund – Of the \$1,589,361 General Fund fund balance at June 30, 2011, \$43,862 is reserve for encumbrances; \$150,450 is reserved for maintenance; \$201,005 is emergency reserve; \$225,000 is tuition reserve for 2010-2011 in accordance with N.J.A.C. 6A:23-3.1 (f)(8); \$496,899 is capital reserve; \$11,358 is reserved excess surplus appropriated and included as anticipated revenue for the year ending June 30, 2012; \$9,142 is designated for subsequent year’s expenditures by the Board of Education; \$225,000 is tuition reserve for 2009-2010 budgeted for withdrawal in 2011-2012; and \$226,645 is unassigned at June 30, 2011.

NOTE 13: Economic Dependency

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

NOTE 14: Deficit Fund Balances

The District has a deficit fund balance of \$18,344 in the Special Revenue Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school year budget. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need or corrective action. The District deficit in the GAAP fund statements of \$18,344 is equal to the last state aid payment.

NOTE 15: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2011. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2011 through November 10, 2011.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 7,206,020		7,206,020	7,206,020	-
Tuition	2,233,838		2,233,838	2,161,851	(71,987)
Interest Earned on Investments	500	4,500	5,000	3,100	(1,900)
Miscellaneous	44,500	(4,500)	40,000	62,519	22,519
Total Local Sources	<u>9,484,858</u>	<u>-</u>	<u>9,484,858</u>	<u>9,433,490</u>	<u>(51,368)</u>
State Sources:					
Categorical Special Education Aid	290,154		290,154	290,154	-
Categorical Transportation Aid	108,205		108,205	108,205	-
Extraordinary Aid	21,000		21,000	112,652	91,652
Categorical Security Aid	129,118		129,118	129,118	-
Adjustment aid	167,402		167,402	167,402	-
Non-Public Transportation Aid				1,117	1,117
TPAF Pension (On Behalf-Non-Budgeted)			-	272,062	272,062
TPAF Social Security (Reimbursed - Non-Budgeted)			-	274,258	274,258
Total State Sources	<u>715,879</u>	<u>-</u>	<u>715,879</u>	<u>1,354,968</u>	<u>639,089</u>
Federal Sources:					
Medical Assistance Program			-	12,901	12,901
Total Revenues	<u>10,200,737</u>	<u>-</u>	<u>10,200,737</u>	<u>10,801,359</u>	<u>600,622</u>

BELMAR SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Pre-School/Kindergarten - Salaries of Teachers	304,355	(54,898)	249,457	249,453	4
Grades 1-5 - Salaries of Teachers	1,274,271	54,235	1,328,506	1,315,133	13,373
Grades 6-8 - Salaries of Teachers	645,223	27,026	672,249	663,031	9,218
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	17,660		17,660	17,060	600
General Supplies	134,000	150,148	284,148	281,614	2,534
Textbooks	12,000	1,136	13,136	11,971	1,165
Other Objects	62,200	(11,485)	50,715	48,328	2,387
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	6,307	11,307	11,296	11
Total Regular Programs - Instruction	<u>2,454,709</u>	<u>172,469</u>	<u>2,627,178</u>	<u>2,597,886</u>	<u>29,292</u>
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	97,700	61,825	159,525	159,524	1
Other Salaries for Instruction	43,369	4,400	47,769	47,300	469
General Supplies	600		600		600
Total Learning and/or Language Disabilities	<u>141,669</u>	<u>66,225</u>	<u>207,894</u>	<u>206,824</u>	<u>1,070</u>

BELMAR SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Behavioral Disabilities:					
Salaries of Teachers	47,500	1,773	49,273	49,273	-
Other Salaries for Instruction	15,926	(11,539)	4,387	4,387	4,387
General Supplies	300		300	300	300
Total Behavioral Disabilities	<u>63,726</u>	<u>(9,766)</u>	<u>53,960</u>	<u>49,273</u>	<u>4,687</u>
Resource Room/Resource Center:					
Salaries of Teachers	416,601	(138,595)	278,006	277,467	539
Other Salaries for Instruction	2,500	(2,500)	-	-	-
General Supplies	2,100		2,100	2,100	2,100
Total Resource Room/Resource Center	<u>421,201</u>	<u>(141,095)</u>	<u>280,106</u>	<u>277,467</u>	<u>2,639</u>
Total Special Education - Instruction	<u>626,596</u>	<u>(84,636)</u>	<u>541,960</u>	<u>533,564</u>	<u>8,396</u>
Bilingual Education					
Salaries of Teachers	76,000	28,200	104,200	104,200	-
General Supplies	600		600	600	600
Total Basic Skills/Remedial - Instruction	<u>76,600</u>	<u>28,200</u>	<u>104,800</u>	<u>104,200</u>	<u>600</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	25,631		25,631	21,374	4,257
Total School Sponsored Co-Curricular Activities - Instruction	<u>25,631</u>	<u>-</u>	<u>25,631</u>	<u>21,374</u>	<u>4,257</u>

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
School Sponsored Athletics - Instruction:					
Salaries	42,016		42,016	41,103	913
Supplies and Materials	8,000	8,857	16,857	10,615	6,242
Other Objects	2,000		2,000	1,850	150
Transfer to Cover Deficit	4,000		4,000	4,000	-
Total School Sponsored Athletics - Instruction	<u>56,016</u>	<u>8,857</u>	<u>64,873</u>	<u>57,568</u>	<u>7,305</u>
Other Supplemental /At-Risk Programs - Instruction:					
Salaries of Teacher Tutors	38,236		38,236	35,768	2,468
Salaries of Reading Specialists	72,835		72,835	72,835	-
Total Other Supplemental /At-Risk Programs - Instruction	<u>111,071</u>	<u>-</u>	<u>111,071</u>	<u>108,603</u>	<u>2,468</u>
Total Instruction	<u>3,350,623</u>	<u>124,890</u>	<u>3,475,513</u>	<u>3,423,195</u>	<u>52,318</u>
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs in State - Regular	1,725,004	11,750	1,736,754	1,735,087	1,667
Tuition to Other LEAs in State - Special	273,261	67,754	341,015	332,382	8,633
Tuition to County Vocational School:					
Regular	83,600	5,500	89,100	89,065	35
Special	50,000		50,000	48,885	1,115
Tuition to Private School for Handicapped within State	888,677	(170,675)	718,002	695,169	22,833
Tuition State - Facilities	22,771		22,771	22,771	-
Total Undistributed Expenditures-Instruction	<u>3,043,313</u>	<u>(85,671)</u>	<u>2,957,642</u>	<u>2,923,359</u>	<u>34,283</u>
Undistributed Expenditures-Health:					
Salaries	69,075	(1,175)	67,900	67,900	-
Purchased Professional and Technical Services	10,350	(2,081)	8,269	6,300	1,969
Supplies and Materials	2,000		2,000	1,968	32
Total Undistributed Expenditures-Health:	<u>81,425</u>	<u>(3,256)</u>	<u>78,169</u>	<u>76,168</u>	<u>2,001</u>

BELMAR SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Other Sup. Serv.					
Students-Related Serv.:					
Salaries of Teachers	63,100		63,100	63,100	-
Purchased Professional Educational Services	5,200	21,900	27,100	25,484	1,616
Supplies and Materials	500		500	500	
Total Undistributed Expenditures-Other Sup. Serv. Students-Related Serv.	68,800	21,900	90,700	88,584	2,116
Undistributed Expenditures-Extraordinary Sup. Serv.					
Purchased Professional Educational Services	5,000	(1,500)	3,500	1,888	1,613
Supplies and Materials	2,500	(2,500)	-		-
Total Undistributed Expenditures-Extraordinary Sup. Serv.	7,500	(4,000)	3,500	1,888	1,613
Undistributed Expenditures-Other Supp. Serv.					
Students - Reg.:					
Salaries of Other Professional Staff	73,100	12,094	85,194	84,994	200
Supplies and Materials	1,000	(500)	500	136	364
Other Objects	1,000	(750)	250	250	
Total Undistributed Expenditures-Other Supp. Serv.	75,100	10,844	85,944	85,130	814

BELMAR SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Other Sup. Serv.					
Students-Spec. Serv.:					
Salaries of Other Professional Staff	206,964	5,542	212,506	208,725	3,781
Salaries of Secretarial and Clerical Assts.	19,433	1,481	20,914	20,139	775
Other Purchased Professional Services	25,000	9,831	34,831	34,831	-
Other Purchased Services	1,000	(500)	500	500	-
Supplies and Materials	8,700	(6,233)	2,467	2,467	-
Other Objects	1,000	(207)	793	792	1
Total Undistributed Expenditures-Other Sup. Serv.	<u>262,097</u>	<u>9,914</u>	<u>272,011</u>	<u>267,454</u>	<u>4,557</u>
Students-Spec. Serv.					
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	114,764	1,346	116,110	115,366	744
Purchased Professional and Technical Services	2,000	20,000	22,000	19,536	2,464
Supplies and Materials	5,936	213	6,149	5,766	383
Total Undistributed Expenditures - Edu. Media Serv./ School Library	<u>122,700</u>	<u>21,559</u>	<u>144,259</u>	<u>140,668</u>	<u>3,591</u>
Undistributed Expenditures - Instr. Staff Training Serv:					
Purchased Professional-Educational Services	2,000		2,000	424	1,576
Other Purchased Services	3,750		3,750	2,556	1,194
Total Undistributed Expenditures - Instructional Staff Training Serv.	<u>5,750</u>	<u>-</u>	<u>5,750</u>	<u>2,980</u>	<u>2,770</u>

BELMAR SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	149,024	10,067	159,091	158,385	706
Legal Services	17,000		17,000	13,737	3,263
Audit Fees	13,500		13,500	13,500	-
Other Purchased Professional Services	7,490		7,490	4,980	2,510
Communications/Telephone	29,000	(4,109)	24,891	16,607	8,284
Other Purchased Services BOE	3,000		3,000		3,000
Other Purchased Services (400-500)	7,100		7,100	2,839	4,261
Supplies and Materials	6,500	(3,000)	3,500	460	3,040
Miscellaneous Expenditures	24,368	(3,000)	21,368	16,671	4,697
Judgments Against School District			-		-
BOE Membership Dues and Fees	6,750		6,750	5,630	1,120
Total Undistributed Expenditures - Supp. Serv. - General Administration	263,732	(42)	263,690	232,809	30,881
Undistributed Expenditures-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals	90,852	8,170	99,022	96,470	2,552
Salaries of Secretarial/Clerical Assistants	69,027	(3,928)	65,099	63,737	1,362
Other Purchased Services	1,000		1,000	150	850
Supplies and Materials	3,000		3,000	1,105	1,895
Other Objects	1,250		1,250	968	282
Total Undistributed Expend.-Supp. Serv.-School Admin.	165,129	4,242	169,371	162,430	6,941

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Central Services					
Salaries	192,240		192,240	192,237	3
Purchased Professional Services	25,917	8,502	34,419	33,051	1,368
Other Purchased Services	5,000		5,000	3,886	1,114
Supplies and Materials	3,500		3,500	1,497	2,003
Other Objects	3,500	(620)	2,880	2,341	539
Total Undistributed Expend.-Central Services	<u>230,157</u>	<u>7,882</u>	<u>238,039</u>	<u>233,012</u>	<u>5,027</u>
Undistributed Expenditures-Allow. Maint. School Facilities: Cleaning, Repair and Maintenance Services	<u>56,600</u>	<u>28,000</u>	<u>84,600</u>	<u>77,263</u>	<u>7,337</u>
Total Undistributed Expenditures-Allow. Maint. School Facilities	<u>56,600</u>	<u>28,000</u>	<u>84,600</u>	<u>77,263</u>	<u>7,337</u>
Undistributed Expenditures-Other Oper. & Maint. Of Plant: Salaries of Non-Instructional Aides	10,534	899	11,433	10,100	1,333
Purchased Professional and Technical Services	24,700	(11,000)	13,700	12,740	960
Cleaning, Repair, and Maintenance Services	262,165	5,498	267,663	267,663	-
Other Purchased Property Services	6,000	8,000	14,000	8,622	5,378
Insurance	56,000	(3,500)	52,500	52,291	209
Misc. Purchased Services	14,100	(1,405)	12,695	12,354	341
General Supplies	12,000		12,000	11,950	50
Energy - Heat	83,000	3,500	86,500	76,701	9,799
Energy - Electricity	145,000	(3,000)	142,000	139,204	2,796
Total Undistributed Expenditures-Other Oper. & Maint. of Plant	<u>613,499</u>	<u>(1,008)</u>	<u>612,491</u>	<u>591,625</u>	<u>20,866</u>
Total Undistributed Expenditures - Operation & Maintenance of Plant Services	<u>670,099</u>	<u>26,992</u>	<u>697,091</u>	<u>668,888</u>	<u>28,203</u>

BELMAR SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Student Transportation Serv:					
Contracted Services (Bet. Home and School) Vendors	27,000	(8,261)	18,739	17,703	1,036
Contr. Serv. (Other Than Bet. Home & Sch.)-Joint Agreement	8,000	14,361	22,361	22,360	1
Contr. Serv.(Sp Ed Stds)-Vendors	500	(210)	290	80	210
Contr. Serv. (Reg. Students) ESC & CTSA	155,000		155,000	145,537	9,463
Contr. Serv. (Sp. Ed. Stds.) ESC & CTSA	306,500	(56,600)	249,900	239,382	10,518
Contr. Serv. Aid in Lieu	2,450	2,710	5,160	5,009	151
Total Undistributed Expenditures - Student Transportation Serv.	499,450	(48,000)	451,450	430,071	21,379
Unallocated Benefits:					
Social Security Contributions	88,000	(3,000)	85,000	72,764	12,236
TPAF Contributions - ERIP	2,500	(665)	1,835	1,835	
Other Retirement Contributions - Regular	58,000	6,165	64,165	63,351	814
Tuition Reimbursement	10,000		10,000	8,340	1,660
Other Employee Benefits	14,200		14,200	7,541	6,659
Workmen's Compensation	63,700	(2,500)	61,200	45,740	15,460
Health Benefits	1,326,461	(85,713)	1,240,748	1,198,383	42,365
Total Unallocated Benefits	1,562,861	(85,713)	1,477,148	1,396,119	81,029
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	272,062	(272,062)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	274,258	(274,258)
Total On-Behalf Contributions	-	-	-	546,320	(546,320)
Total Undistributed Expenditures	7,058,113	(123,350)	6,934,763	7,255,880	(321,116)

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Current Expense	<u>10,408,736</u>	<u>1,541</u>	<u>10,410,276</u>	<u>10,679,075</u>	<u>(268,798)</u>
Capital Outlay:					
Increase in Capital Reserve	400		400		400
Undistributed Expenditures:					
Instruction		18,714	18,714	18,714	-
Facilities Acquisition and Construction Services:					
Construction Services	111,000	8,619	119,619	105,818	13,801
Other Objects	24,358		24,358	24,358	-
Total Capital Outlay	<u>135,758</u>	<u>27,333</u>	<u>163,091</u>	<u>148,890</u>	<u>14,201</u>
Special Schools:					
Other Salaries for Instruction	6,100		6,100	4,703	1,397
Total Expenditures	<u>10,550,594</u>	<u>28,874</u>	<u>10,579,467</u>	<u>10,832,668</u>	<u>(253,200)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(349,857)	(28,874)	(378,730)	(31,309)	347,421
Fund Balance July 1	<u>1,620,670</u>		<u>1,620,670</u>	<u>1,620,670</u>	
Fund Balance June 30	<u>\$ 1,270,813</u>	<u>(28,874)</u>	<u>1,241,940</u>	<u>1,589,361</u>	<u>347,421</u>

BELMAR SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Recapitulation:	
Restricted Fund Balance:	
Emergency Reserve	\$ 201,005
Maintenance Reserve	150,450
Capital Reserve	496,899
Tuition Reserve 2010-2011	225,000
Designated for Subsequent Year's Expenditures - Excess Surplus	11,358
Designated for Subsequent Year's Expenditures - Tuition Reserve Budgeted Withdrawal	225,000
Assigned Fund Balance:	
Year-End Encumbrances	43,862
Designated for Subsequent Year's Expenditures - BOE	9,142
Unassigned Fund Balance	226,645
	<u>1,589,361</u>
Reconciliation to Governmental Funds Statement (GAAP):	
Final State Aid Payments not Recognized on GAAP Basis	(63,533)
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 1,525,828</u>

BELMAR SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ 566,297	87,010	653,307	637,938	15,369
Federal Sources	749,321	69,967	819,288	692,167	127,121
Total Revenues	<u>\$ 1,315,618</u>	<u>156,977</u>	<u>1,472,595</u>	<u>1,330,105</u>	<u>142,490</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 296,485	13,749	310,234	310,234	
Other Salaries for Instruction	145,875		145,875	145,875	
Purchased Professional and Technical Services	152,397	6,211	158,608	150,899	7,709
Textbooks	54,282		54,282	52,571	1,711
General Supplies	11,481	2,537	14,018	13,717	301
Total Instruction	<u>660,520</u>	<u>22,497</u>	<u>683,017</u>	<u>673,296</u>	<u>9,721</u>
Support Services:					
Personal Services - Employee Benefits	84,986	(935)	84,051	84,051	
Contracted Services	2,000	(998)	1,002	1,002	
Purchased Professional and Technical Services	520,912	137,440	656,352	525,456	130,896
General Supplies	5,200	(900)	4,300	2,427	1,873
Other Objects	2,000	(127)	1,873	1,873	
Total Support Services	<u>615,098</u>	<u>134,480</u>	<u>747,578</u>	<u>614,809</u>	<u>132,769</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	42,000		42,000	42,000	
Total Expenditures	<u>\$ 1,317,618</u>	<u>156,977</u>	<u>1,472,595</u>	<u>1,330,105</u>	<u>142,490</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BELMAR SCHOOL DISTRICT

Exhibit C-3

REQUIRED SUPPLEMENTARY INFORMATION**BUDGET TO GAAP RECONCILIATION****NOTE TO RSI****JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 10,801,359	1,330,105
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(50,742)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	121,755	10,865
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(63,533)</u>	<u>(18,344)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 10,859,581</u>	<u>1,271,884</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 10,832,668	1,330,105
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(50,742)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 10,832,668</u>	<u>1,279,363</u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

BELMAR SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Exhibit E-1
Sheet 1 of 3

	Chapter 192			Chapter 193			Non-Public Textbooks	Non-Public Nursing
	Compensatory Education	Home Instruction	Transportation	Examination & Classification	Corrective Speech	Supplementary Instruction		
Revenues:								
Federal Sources	\$ -							
State Sources	189,558	10,247	5,888	75,761	15,646	43,357	52,571	61,470
Total Revenue	\$ 189,558	10,247	5,888	75,761	15,646	43,357	52,571	61,470
Expenditures:								
Instruction:								
Salaries of Teachers								
Other Salaries for Instruction								
General Supplies								
Purchased Professional & Technical Services		10,247	5,888	75,761	15,646	43,357		
Textbooks							52,571	
Total Instruction	-	10,247	5,888	75,761	15,646	43,357	52,571	-
Support Services:								
Personal Services - Employee Benefits	189,558							61,470
Purchased Professional and Technical Services								
Contracted Services								
General Supplies								
Other Objects								
Total Support Services	189,558	-	-	-	-	-	-	61,470
Facilities Acquisition and Construction Services:								
Instructional Equipment								
Total Expenditures	\$ 189,558	10,247	5,888	75,761	15,646	43,357	52,571	61,470

BELMAR SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Exhibit E-1
Sheet 2 of 3

	<u>Title I</u>	<u>Title IIA</u>	<u>Title IID</u>	<u>Title III</u>	<u>I.D.E.A. Part B Basic</u>	<u>I.D.E.A. Part B Pre-School</u>
Revenues:						
Federal Sources	226,451	51,051	505	10,706	217,830	9,310
State Sources						
Total Revenue	<u>226,451</u>	<u>51,051</u>	<u>505</u>	<u>10,706</u>	<u>217,830</u>	<u>9,310</u>
Expenditures:						
Instruction:						
Salaries of Teachers	120,000	35,000		7,536		
Other Salaries for Instruction					116,224	
General Supplies	300	1,000	410	1,526	301	
Purchased Professional & Technical Services						
Textbooks						
Total Instruction	<u>120,300</u>	<u>36,000</u>	<u>410</u>	<u>9,062</u>	<u>116,525</u>	<u>-</u>
Support Services:						
Personal Services - Employee Benefits	41,800	10,000		644	8,891	
Purchased Professional and Technical Services	63,984	4,691	95		91,714	9,310
Contracted Services						
General Supplies						
Other Objects	367	360		1,000	700	
Total Support Services	<u>106,151</u>	<u>15,051</u>	<u>95</u>	<u>1,644</u>	<u>101,305</u>	<u>9,310</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Total Expenditures	<u>226,451</u>	<u>51,051</u>	<u>505</u>	<u>10,706</u>	<u>217,830</u>	<u>9,310</u>

BELMAR SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Exhibit E-1
Sheet 3 of 3

	ARRA Title I	ARRA IDEA Basic	ARRA IDEA Preschool	Preschool Education Aid	Totals June 30, 2011
Revenues:					
Federal Sources	21,000	151,001	4,313	183,440	692,167
State Sources					637,938
Total Revenue	21,000	151,001	4,313	183,440	1,330,105
Expenditures:					
Instruction:					
Salaries of Teachers	19,500			128,198	310,234
Other Salaries for Instruction				29,651	145,875
General Supplies	1,500	4,367	4,313		13,717
Purchased Professional & Technical Services					150,899
Textbooks					52,571
Total Instruction	21,000	4,367	4,313	157,849	673,296
Support Services:					
Personal Services - Employee Benefits				22,716	84,051
Purchased Professional and Technical Services		104,634		1,002	525,456
Contracted Services					1,002
General Supplies				1,873	2,427
Other Objects				25,591	1,873
Total Support Services	-	104,634	-	25,591	614,809
Facilities Acquisition and Construction Services:					
Instructional Equipment		42,000			42,000
Total Expenditures	21,000	151,001	4,313	183,440	1,330,105

BELMAR SCHOOL DISTRICT**SPECIAL REVENUE FUND**

Exhibit E-2

PRESCHOOL EDUCATION AID**SCHEDULE OF EXPENDITURES****BUDGETARY BASIS****FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 128,198	128,198	
Other Salaries for Instruction	29,651	29,651	
Total Instruction	<u>157,849</u>	<u>157,849</u>	<u>-</u>
Support Services:			
Contracted Services	1,002	1,002	
Other Objects	1,873	1,873	
Personal Services - Employee Benefits	22,716	22,716	
Total Support Services	<u>25,591</u>	<u>25,591</u>	<u>-</u>
Total Expenditures	<u>\$ 183,440</u>	<u>183,440</u>	<u>-</u>

Calculation of Budget and Carryover

Total 2010-2011 Budget Preschool Education Aid	\$ 183,440
Less: Budgeted 2010-2011 Preschool Education Aid	<u>183,440</u>
Available and Unbudgeted at June 30, 2011 Preschool Education Aid	<u>\$ -</u>
2009-2010 Carryover Budgeted in 2010-2011 Preschool Education Aid	<u>\$ -</u>

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

BELMAR SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AS OF JUNE 30, 2011

	Agency		Net Salary Account	Expendable Trusts		Totals 2011
	Student Activity	Agency Account		Scholarship Fund	Unemployment Compensation	
Assets:						
Cash and Cash Equivalents	\$ 24,751	271	276	800	89,302	115,400
Total Assets	<u>\$ 24,751</u>	<u>271</u>	<u>276</u>	<u>800</u>	<u>89,302</u>	<u>115,400</u>
Liabilities and Net Assets:						
Liabilities:						
Due to Student Groups	\$ 24,751	271	276			24,751
Accounts Payable	24,751	271	276	-		547
Total Liabilities						<u>25,298</u>
Net Assets:						
Unreserved				800	89,302	90,102
Total Net Assets				<u>800</u>	<u>89,302</u>	<u>90,102</u>
Total Liabilities and Net Assets	<u>\$ 24,751</u>	<u>271</u>	<u>276</u>	<u>800</u>	<u>89,302</u>	<u>115,400</u>

BELMAR SCHOOL DISTRICTEXPENDABLE TRUST FUNDS

Exhibit H-2

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETSFOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Scholarships</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Totals 2011</u>
Additions:			
Local Sources:			
Contributions	\$ -	7,929	7,929
Interest on Investments		250	250
Total Additions	<u>-</u>	<u>8,179</u>	<u>8,179</u>
Deductions:			
Unemployment Claims		99,764	99,764
Total Deductions	<u>-</u>	<u>99,764</u>	<u>99,764</u>
Change in Net Assets	-	(91,585)	(91,585)
Net Assets, July 1	<u>800</u>	<u>180,887</u>	<u>181,687</u>
Net Assets, June 30	<u>\$ 800</u>	<u>89,302</u>	<u>90,102</u>

BELMAR SCHOOL DISTRICTSTUDENT ACTIVITY AGENCY FUND

Exhibit H-3

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

	<u>Balance June 30, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
Elementary School:				
Belmar Elementary	\$ 18,082	12,992	10,324	20,750
Referee Account	<u>8,813</u>	<u>13</u>	<u>4,825</u>	<u>4,001</u>
Total All Schools	<u>\$ 26,895</u>	<u>13,005</u>	<u>15,149</u>	<u>24,751</u>

BELMAR SCHOOL DISTRICT**PAYROLL AGENCY FUND**

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Assets:				
Cash and Cash Equivalents	\$ 150	2,155,043	2,154,922	271
Total Assets	<u>\$ 150</u>	<u>2,155,043</u>	<u>2,154,922</u>	<u>271</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ -	2,154,772	2,154,772	-
Accounts Payable	150	271	150	271
Total Liabilities	<u>\$ 150</u>	<u>2,155,043</u>	<u>2,154,922</u>	<u>271</u>

LONG-TERM DEBT – I

BELMAR SCHOOL DISTRICT

Exhibit I-1

GENERAL LONG-TERM DEBT ACCOUNT GROUP

SCHEDULE OF SERIAL BONDS

JUNE 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2010</u>	<u>Retired</u>	<u>Ending Balance June 30, 2011</u>
ERIP Refunding	7/8/03	\$ 540,000	10-1-11	\$ 35,000	5.250%	\$ 335,000	35,000	300,000
			10-1-12-13	40,000	5.500%			
			10-1-14-16	45,000				
			10-1-17	50,000				
Elementary School Construction/Repairs	8/1/03	\$ 3,370,000	8/1/11	105,000	4.150%	2,955,000	100,000	2,855,000
			8/1/12	110,000				
			8/1/13	115,000				
			8/1/14	240,000	4.200%			
			8/1/15	250,000	4.250%			
			8/1/16	260,000				
			8/1/17	270,000				
			8/1/18	280,000				
			8/1/19	290,000				
			8/1/20	300,000	4.350%			
			8/1/21	310,000	4.400%			
			8/1/22	325,000	4.550%			
						\$ 3,290,000	135,000	3,155,000

BELMAR SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-1a

SCHEDULE OF LOANS PAYABLE

JUNE 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2010</u>	<u>Paid</u>	<u>Ending Balance June 30, 2011</u>
NJEDA School Facilities Loan Fund	8-18-93	\$ 900,000	7/15/11-13	\$ 47,368	1.50%	\$ 189,473	47,368	142,105
MCIA Pooled Governmental Loan Fund	8-18-93	900,000	7/15/11 7/15/12 7/15/13	61,117 63,829 66,677	5.50%	\$ 250,221	58,598	191,623

BELMAR SCHOOL DISTRICT

Exhibit I-3

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 399,149		399,149	399,148	(1)
Total Revenues	<u>399,149</u>	<u>-</u>	<u>399,149</u>	<u>399,148</u>	<u>(1)</u>
Expenditures:					
Regular Debt Service:					
Interest	158,182		158,182	158,182	-
Redemption of Principal	240,967		240,967	240,966	1
Total Expenditures	<u>399,149</u>	<u>-</u>	<u>399,149</u>	<u>399,148</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance July 1					-
Fund Balance June 30	\$ -	-	-	-	-

STATISTICAL SECTION

(Unaudited)

Belmar Board of Education
 Net Assets by Component
 Last Seven Fiscal Years
 (accrual basis of accounting)

	For Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Governmental activities							
Invested in capital assets, net of related debt	\$ (1,250,300)	\$ 2,816,034	\$ 3,750,672	\$ 2,990,560	\$ 2,978,400	\$ 2,844,200	\$ 2,633,014
Restricted	4,802,538	4,068,554	988,106	1,235,415	1,330,557	1,418,992	1,395,164
Unrestricted	(189,233)	126,278	459,169	252,320	154,858	(116,942)	112,321
Total governmental activities net asset	\$ 3,363,005	\$ 7,010,866	\$ 5,197,947	\$ 4,478,295	\$ 4,463,815	\$ 4,146,250	\$ 4,140,499
Business-type activities							
Invested in capital assets, net of related debt	\$ 3,268	\$ 5,809	\$ 5,171	\$ 4,534	\$ 8,557	\$ 7,448	\$ 19,199
Restricted	(7,139)	-	-	-	-	-	-
Unrestricted	(3,871)	10,058	10,858	15,254	21,034	31,698	29,024
Total business-type activities net asset	\$ (3,871)	\$ 15,867	\$ 16,029	\$ 19,788	\$ 29,591	\$ 39,146	\$ 48,223
District-wide							
Invested in capital assets, net of related debt	\$ (1,247,032)	\$ 2,821,843	\$ 3,755,843	\$ 2,995,094	\$ 2,986,957	\$ 2,851,648	\$ 2,652,213
Restricted	4,802,538	4,068,554	988,106	1,235,415	1,330,557	1,418,992	1,395,164
Unrestricted	(196,372)	136,356	470,027	267,574	175,892	(85,244)	141,345
Total district net assets	\$ 3,359,134	\$ 7,026,733	\$ 5,213,976	\$ 4,496,083	\$ 4,493,406	\$ 4,185,396	\$ 4,188,722

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006.

Source: CAFR Seehndle A-1

Belmar Board of Education
 Changes in Net Assets, Last Seven Fiscal Years
 (accrual basis of accounting)

EXHIBIT J-2

For Fiscal Year Ending June 30,

	2005	2006	2007	2008	2009	2010	2011
Expenses							
Governmental activities							
Instruction							
Regular	\$ 1,629,646	\$ 1,880,233	\$ 2,018,002	\$ 2,128,393	\$ 2,478,495	\$ 2,786,212	\$ 2,597,886
Special education	448,754	464,629	550,235	1,301,062	1,374,393	1,464,121	1,467,198
Other special education	755,609	694,436	691,442	149,400	159,570	77,139	104,200
Other instruction	62,260	67,964	74,993	105,542	89,320	201,512	187,545
Nonpublic school programs	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-
Support Services:							
Tuition	2,334,537	2,562,051	2,303,413	2,460,262	2,643,976	2,596,165	2,923,359
Student & instruction related services	962,484	976,778	1,196,579	1,016,954	950,653	791,098	1,017,343
School administrative services	433,067	426,757	295,838	237,748	245,302	328,678	395,442
General & Business administrative services	163,668	177,163	376,389	387,608	401,563	410,033	232,809
Plant operations and maintenance	421,882	484,320	794,047	1,059,709	913,722	727,404	668,888
Pupil transportation	407,590	411,846	452,399	466,068	407,439	435,044	430,071
Special Schools	1,152	308	1,340	2,860	6,100	5,063	4,703
Charter Schools	29,214	30,920	4,779	-	-	-	-
Interest on long-term debt	206,576	193,316	203,812	181,754	173,166	164,020	154,264
Unallocated Employee Benefits	1,776,317	1,831,124	1,981,175	2,156,627	1,926,432	2,054,717	1,942,439
Unallocated depreciation	-	-	15,387	369,257	329,806	345,931	356,430
Total governmental activities expenses	9,632,756	10,201,845	10,959,830	12,023,244	12,099,937	12,387,137	12,482,577
Business-type activities:							
Food service	203,521	211,827	193,322	189,037	208,825	235,735	250,727
Child Care	-	-	-	-	-	-	-
Total business-type activities expense	203,521	211,827	193,322	189,037	208,825	235,735	250,727
Total district expenses	\$ 9,836,277	\$ 10,413,672	\$ 11,153,152	\$ 12,212,281	\$ 12,308,762	\$ 12,622,872	\$ 12,733,304
Program Revenues							
Governmental activities:							
Charges for services:							
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-
Operating grants and contributions	1,234,597	1,224,588	1,343,542	1,435,919	1,166,721	1,261,119	1,322,626
Capital grants and contributions	-	-	-	-	-	-	-
Total governmental activities program revenues	1,234,597	1,224,588	1,343,542	1,435,919	1,166,721	1,261,119	1,322,626
Business-type activities:							
Charges for services							
Food service	75,679	78,879	83,225	75,130	83,819	86,131	96,083
Child care	-	-	-	-	-	-	-
Operating grants and contributions	94,017	105,844	110,024	117,185	130,058	159,363	151,075
Capital grants and contributions	-	-	-	-	-	-	-

Belmar Board of Education
 Changes in Net Assets, Last Seven Fiscal Years
 (accrual basis of accounting)

EXHIBIT J-2

For Fiscal Year Ending June 30,

	2005	2006	2007	2008	2009	2010	2011
Total business type activities program revenues	169,696	184,723	193,249	192,315	213,877	245,514	247,158
Total district program revenues	\$ 1,404,293	\$ 1,409,311	\$ 1,536,791	\$ 1,628,234	\$ 1,380,598	\$ 1,506,633	\$ 1,569,784
Net (Expense)/Revenue							
Governmental activities	\$ (8,398,159)	\$ (8,977,257)	\$ (9,616,288)	\$ (10,587,325)	\$ (10,933,216)	\$ (11,126,018)	\$ (11,159,951)
Business-type activities	(33,825)	(27,104)	(73)	3,278	5,052	9,779	(3,569)
Total district-wide net expense	\$ (8,431,984)	\$ (9,004,361)	\$ (9,616,361)	\$ (10,584,047)	\$ (10,928,164)	\$ (11,116,239)	\$ (11,163,520)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes levied for general purposes, net	\$ 5,531,029	\$ 6,436,938	\$ 6,454,116	\$ 6,712,280	\$ 6,980,770	\$ 7,124,926	\$ 7,206,020
Taxes levied for debt service	336,108	373,580	356,402	331,264	371,956	396,279	399,148
Unrestricted grants and contributions	1,210,221	1,291,435	1,601,393	1,667,145	1,744,410	1,453,351	1,426,091
Tuition Received	1,597,885	1,619,891	1,635,091	1,723,733	1,834,281	1,984,333	2,161,851
Investment earnings & Miscellaneous Earnings	58,259	127,176	91,890	49,656	19,357	63,967	65,619
Adjustment for prior debt adjustment	(379,383)	-	-	-	-	-	-
Transfers	(24,000)	(35,000)	-	-	-	-	-
Total governmental activities	8,330,119	9,814,020	10,138,892	10,484,078	10,950,774	11,022,856	11,258,729
Business-type activities:							
Investment earnings	66	135	235	481	181	82	81
Adjustment for cancellation of APP	-	8,547	-	-	-	-	-
Transfers	24,000	35,000	-	-	-	-	-
Total business-type activities	24,066	43,682	235	481	181	82	81
Total district-wide	\$ 8,354,185	\$ 9,857,702	\$ 10,139,127	\$ 10,484,559	\$ 10,950,955	\$ 11,022,938	\$ 11,258,810
Change in Net Assets							
Governmental activities	\$ (68,040)	\$ 836,763	\$ 522,604	\$ (103,247)	\$ 17,558	\$ (103,162)	\$ 98,778
Business-type activities	(9,759)	16,578	162	3,759	5,233	9,861	(3,488)
Total district	\$ (77,799)	\$ 853,341	\$ 522,766	\$ (99,488)	\$ 22,791	\$ (93,301)	\$ 95,290

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006.

Source: CAFR Schedule A-2

Belmar Board of Education
Fund Balances, Governmental Funds,
Last Seven Fiscal Years
(modified accrual basis of accounting)

EXHIBIT J-3

	For Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund							
Reserved	\$ 526,158	\$ 877,798	\$ 1,198,461	\$ 1,240,488	\$ 1,318,738	\$ 1,323,301	\$ 1,362,766
Unreserved	166,563	197,721	215,360	290,493	217,097	175,614	163,063
Total general fund	<u>\$ 692,721</u>	<u>\$ 1,075,519</u>	<u>\$ 1,413,821</u>	<u>\$ 1,530,981</u>	<u>\$ 1,535,835</u>	<u>\$ 1,498,915</u>	<u>\$ 1,525,829</u>
All Other Governmental Funds							
Reserved	\$ 4,232,210	\$ 3,190,756	\$ 89,080	\$ 21,022	\$ -	\$ -	\$ -
Unreserved, reported in:							
Special revenue fund	-	-	(20,398)	(26,095)	(11,540)	(10,865)	(18,344)
Capital projects fund	-	-	-	-	-	-	-
Debt service fund	44,170	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,276,380</u>	<u>\$ 3,190,756</u>	<u>\$ 68,682</u>	<u>\$ (5,073)</u>	<u>\$ (11,540)</u>	<u>\$ (10,865)</u>	<u>\$ (18,344)</u>

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006.

Source: CAFR Schedule B-1

Belmar Board of Education
Changes in Fund Balances, Governmental Funds,
Last Seven Fiscal Years

EXHIBIT J-4

	2005	2006	2007	2008	2009	2010	2011
Revenues							
Tax levy	\$ 5,867,137	\$ 6,810,518	\$ 6,810,518	\$ 7,043,544	\$ 7,352,726	\$ 7,521,205	\$ 7,605,168
Tuition charges	1,597,885	1,619,891	1,635,091	1,723,733	1,834,281	1,984,333	2,161,851
Interest Earnings/Miscellaneous	58,259	127,176	92,579	53,567	19,357	64,967	65,619
State sources	2,033,770	2,092,235	2,461,290	2,624,465	2,359,488	1,857,450	2,043,649
Federal sources	411,048	425,776	503,354	474,688	551,643	856,020	705,068
Total revenue	9,968,099	11,075,596	11,502,832	11,919,997	12,117,495	12,283,975	12,581,355
Expenditures							
Instruction							
Regular instruction	1,785,262	2,044,442	2,054,217	2,125,448	2,476,609	2,808,252	2,597,886
Special education instruction	448,754	464,629	550,235	1,301,062	1,374,393	1,464,121	1,467,198
Other special instruction	817,869	762,400	766,435	254,942	248,890	278,651	291,745
Support Services:							
Tuition	2,334,537	2,562,051	2,303,413	2,460,262	2,643,976	2,596,165	2,923,359
Student & instruction related services	962,484	976,778	1,196,579	1,016,954	934,896	791,098	1,017,343
School Administrative services	179,743	159,631	295,838	237,748	245,302	328,678	395,442
Other administrative services	416,992	444,289	376,389	387,608	401,563	410,033	232,809
Plant operations and maintenance	421,982	484,320	794,047	1,059,709	913,722	727,404	668,888
Pupil transportation	407,590	411,846	452,399	466,068	407,439	435,044	430,071
Food Services	24,000	43,546					
Unallocated employee benefits	1,748,796	1,831,124	1,981,175	2,156,627	1,926,432	2,054,717	1,942,439
Charter Schools	1,152	308	1,340	2,860	6,100	5,063	4,703
Capital outlay	29,214	30,920	4,779				
Debt service:	351,098	4,002,272	136,327	7,982	146,808	24,715	190,890
Principal	97,628	195,098	193,484	214,156	216,347	228,571	240,966
Interest and other charges	263,859	201,362	207,088	185,166	176,631	167,708	158,182
Total expenditures	10,290,860	14,615,016	11,313,745	11,876,592	12,119,108	12,320,220	12,561,921
Excess (Deficiency) of revenues over (under) expenditures	(322,761)	(3,539,420)	189,087	43,405	(1,613)	(36,245)	19,434
Other Financing sources (uses)							
Capital leases (non-budgeted)							
Bond proceeds	-	-	-	-	-	-	-
Proceeds of refunding debt	-	-	-	-	-	-	-
Payment to refunding debt escrow agent	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-
Original issue premium	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Transfers in	93,549	68,057	21,022	-	-	-	-
Transfers out	(93,549)	(68,057)	(21,022)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	\$ (322,761)	\$ (3,539,420)	\$ 189,087	\$ 43,405	\$ (1,613)	\$ (36,245)	\$ 19,434
Debt service as a percentage of noncapital expenditures	3.6%	3.7%	3.6%	3.4%	3.3%	3.2%	3.2%

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006.
Source: CAFR Schedule B-2

BELMAR BOARD OF EDUCATION
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 UNAUDITED

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2002	7,035	1,031,208	116,050	1,154,293
2003	9,872	1,402,537	45,944	1,458,353
2004	6,295	1,461,579	15,176	1,483,050
2005	13,083	1,597,885	1,541	1,612,509
2006	30,465	1,619,891	28,654	1,679,010
2007	34,740	1,635,091	36,128	1,705,959
2008	48,605	1,723,733	4,962	1,777,300
2009	14,210	1,834,281	5,147	1,853,638
2010	4,842	1,984,334	59,122	2,048,298
2011	3,100	2,161,851	62,159	2,227,110

Source: District Records

Belmar Board of Education
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Year Ended December 31,	Vacant Land	Building	Farm, Reg.	Ofarm.	Commercial	Industrial	Apartment	Estimated Full Cash Valuations	Less: Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2002								607,977,156	0	0	396,558,316	1.379	65.23%
2003								935,932,230	0	0	979,601,796	0.559	104.67%
2004								1,144,169,345	0	0	962,889,788	0.582	85.90%
2005	14,956,800	832,791,500			108,677,600		35,692,500	992,118,400		396,629	992,515,029	0.641	85.86%
2006	17,463,300	839,667,700			108,494,500		33,659,900	999,285,400		300,699	999,586,099	0.688	72.06%
2007	21,349,400	847,873,700			104,438,700		31,242,500	1,004,904,300		285,063	1,005,169,363	0.709	61.62%
2008	22,038,100	865,626,900			103,311,200		27,629,400	1,018,605,600		265,245	1,018,870,845	0.725	57.46%
2009	21,222,200	878,124,800			101,268,200		27,629,400	1,028,244,600		494,262	1,028,738,862	0.734	57.24%
2010	18,692,000	884,986,200			101,542,800		26,250,400	1,031,471,400		406,348	1,031,877,748	0.741	58.25%
2011	16,704,900	888,603,800			99,798,100		27,100,400	1,032,207,200	0	0	1,032,207,200	0.741	59.51%

Source: Monmouth County Tax Assessor (Assessed Value by property class; Net Valuation Taxable; Certified Tax Rates)

Note: Real property is required to be assessed at some percentage of true value (fair or market value), established by each county board of taxation. In 2003 the Borough was reassessed and the tax rate adjusted accordingly.

Reassessment occurs when ordered by the County Board of Taxation

This schedule does not contain ten-years of information as GASB #4 was implemented during fiscal year ending June 30, 2005.

^b Tax rates are per \$100

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

(rate per \$100 of assessed value)

Year Ended December 31,	Belmar Board of Education				Total Direct and Overlapping Tax Rate	
	General		Total Direct	Borough of Belmar		Monmouth County
	Basic Rate ^a	Obligation Debt Service ^b				
2001			1.291	1.209	3.070	
2002			1.379	1.225	3.256 *	
2003	0.545	0.012	0.559	0.514	1.361	
2004	0.557	0.025	0.582	0.532	1.460	
2005	0.603	0.038	0.641	0.571	1.589	
2006	0.645	0.036	0.681	0.587	1.666	
2007	0.655	0.033	0.688	0.612	1.724	
2008	0.672	0.037	0.709	0.655	1.791	
2009	0.692	0.032	0.725	0.685	1.845	
2010	0.702	0.039	0.741	0.703	1.867	

Source: District Records and Monmouth County Taxation (Assessed Value by Property Class)

*In 2003 the Borough was reassessed and the tax rate adjusted accordingly.

Note:

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

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

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

Belmar Board of Education
Principal Property Tax Payers,
Current Year and ten Years Ago

EXHIBIT J-8

Taxpayer	2010			2000		
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
BMIA, LLC	\$ 4,507,200	0.46%		\$ 2,845,100	4	0.73%
River Ridge Apartments	4,292,700	0.44%				
Pat's Motel Inc	3,084,300	0.31%		2,000,000	3	0.51%
Private Homeowner #1	2,800,000	0.29%		-		
LCS, Inc.	2,704,300	0.28%		1,105,000	10	0.28%
Private Homeowner #2	2,623,100	0.27%		-		0.27%
Ocean Harbor Apartments LLC	1,800,000	0.18%		1,540,000	5	0.39%
GSK LLC	1,979,200	0.20%		-		
Anza Inc.	1,970,900	0.20%		1,230,000	8	0.31%
Private Homeowner #4	1,878,700	0.19%				
Gold Meyer	-			3,277,800	1	0.84%
GGB Assoc	-			2,313,100	2	0.59%
Private Homeowner #3	-			1,370,000	6	0.35%
Repetti, Anthony & Paul	-			1,283,100	7	
Belmar Terrace Apts	-			1,148,000	9	0.29%
Total	\$ 27,640,400			\$ 18,112,100		4.56%

Source: Borough CAFR & Municipal Tax Assessor

Belmar Board of Education
 Property Tax Levies and Collections,
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	4,384,186	4,384,186	100.00%	-
2002	5,451,718	5,451,718	100.00%	-
2003	5,400,315	5,400,315	100.00%	-
2004	5,533,293	5,533,293	100.00%	-
2005	5,867,137	5,867,137	100.00%	-
2006	6,810,518	6,810,518	100.00%	-
2007	6,810,518	6,810,518	100.00%	-
2008	7,043,545	7,043,545	100.00%	-
2009	7,352,726	7,352,726	100.00%	-
2010	7,521,205	7,521,205	100.00%	-
2011 #	7,605,169	7,605,169	100.00%	-

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

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

Belmar Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

EXHIBIT J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2002	1,210,618	-	24,305	-	-	1,234,923	3.50%	43,161
2003	1,120,781	-	57,713	-	-	1,178,494	3.72%	43,863
2004	4,888,583	-	34,658	-	-	4,923,241	0.88%	43,387
2005	4,790,955	-	23,632	-	-	4,814,587	0.91%	43,634
2006	4,595,856	-	12,087	-	-	4,607,943	1.01%	46,545
2007	4,388,768	-	-	-	-	4,388,768	1.10%	48,072
2008	4,174,612	-	-	-	-	4,174,612	1.26%	52,499
2009	3,958,267	-	-	-	-	3,958,267	1.41%	55,826
2010	3,719,694	-	-	-	-	3,719,694	1.53%	56,755
2011	3,488,728	-	-	-	-	3,488,728	1.57%	54,771

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

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

- a** See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding and low interest and small project loans

Belmar Board of Education
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	1,298,942	-	1,298,942	0.33%	42,635
2002	1,210,618	-	1,210,618	0.31%	43,521
2003	1,120,781	-	1,120,781	0.11%	42,849
2004	4,888,583	-	4,888,583	0.50%	43,427
2005	4,790,955	-	4,790,955	0.48%	44,005
2006	4,595,856	-	4,595,856	0.46%	44,591
2007	4,388,768	-	4,388,768	0.44%	48,072
2008	4,174,612	-	4,174,612	0.42%	52,499
2009	3,958,267	-	3,958,267	0.39%	55,826
2010	3,719,694	-	3,719,694	0.36%	56,755
2011	3,488,728	-	3,488,728	0.34%	54,771

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

Belmar Board of Education
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2010

EXHIBIT J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
(Net) Debt repaid with property taxes Borough of Belmar (as of December 31, 2010)	10,432,840	100.000%	10,432,840
Other debt			
Belmar Water - Sewer Authority and Beach Utility	3,984,763	100.000%	3,984,763
Monmouth County (as of December 31, 2008)	6,896,947	100.000%	6,896,947
Subtotal, overlapping debt			21,314,550
Borough of Belmar School District Direct Debt-December 31, 2008			<u>3,488,728</u>
Total direct and overlapping debt			<u>\$ 24,803,278</u>

Sources: Information obtained from Annual Debt Statement Borough of Belmar & Exhibit H11 from Borough of Belmar 2010 Financial Statement

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

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

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis

2009	\$ 1,028,244,600
2010	1,031,877,748
2011	1,032,207,200
[A]	<u>\$ 3,092,329,548</u>

Average equalized valuation of taxable property [A]/3 \$ 1,030,776,516

Debt limit (3 % of average equalization)	[B]	30,923,295 ^a
Net bonded school debt	[C]	3,719,694
Legal debt margin	[B-C]	<u>\$ 27,203,601</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 20,866,276	\$ 24,018,741	\$ 29,808,990	\$ 36,964,281	\$ 32,247,770	\$ 31,411,920	30,227,963	30,517,545	30,787,279	30,923,295
Total net debt applicable to limit	<u>1,210,617</u>	<u>1,120,780</u>	<u>4,888,583</u>	<u>4,790,955</u>	<u>4,595,856</u>	<u>4,388,766</u>	<u>4,174,612</u>	<u>3,958,267</u>	<u>3,858,267</u>	<u>3,719,694</u>
Legal debt margin	\$ 19,655,659	\$ 22,897,961	\$ 24,920,407	\$ 32,173,326	\$ 27,651,914	\$ 27,023,152	\$ 26,053,341	\$ 26,559,278	\$ 26,829,012	\$ 27,203,601
Total net debt applicable to the limit as a percentage of debt limit	5.80%	4.67%	16.40%	12.96%	14.25%	13.97%	13.81%	12.97%	12.86%	12.03%

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

^a Limit set by NUSA 18A.24-19 for a K through S district; other % limits would be applicable for other districts

Belmar Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years

EXHIBIT J-14

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2001	5,982	\$ 255,120,336	42,648	3.6%
2002	5,983	\$ 259,871,605	43,435	5.3%
2003	5,975	\$ 255,855,475	42,821	5.3%
2004	6,071	\$ 260,840,515	42,965	4.4%
2005	5,962	\$ 274,663,378	46,069	4.8%
2006	5,923	\$ 282,491,562	47,694	4.9%
2007	5,927	\$ 304,867,099	51,437	4.5%
2008	5,908	\$ 323,764,308	54,801	5.8%
2009	5,897	\$ 334,684,235	56,755	9.4%
2010	5,897	\$ 322,630,767	54,711	9.6%

Source:

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

^b Personal income__Per Capita Income * Population

^c Per Capita_For Monmouth County

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

<http://www.wnjp.in.net/OneStopCareerCenter/LaborMarketInformation/lmi11/index.html>

<http://www.wnjp.in.net/OneStopCareerCenter/LaborMarketInformation/lmi02/mcd/monest06.htm>

Employer	2006		1997		
	Employees	Rank (Optional)	Percentage of Total Employment	Rank (Optional)	Percentage of Total Employment
	-		0.00%		0.00%

NO INFORMATION AVAILABLE

Source:

Belmar Board of Education
 Full-time Equivalent District Employees by Function/Program,
 Last Six Fiscal Years

EXHIBIT J-16

<u>Function/Program</u>	2005	2006	2007	2008	2009	2010	2011
Instruction							
Regular	40	41	41	39	40	40	39
Special education	7	7	7	10	11	10	10
Other special education	5	5	5	4	4	4	4
Vocational	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-
Support Services:							
Tuition	-	-	-	-	-	-	-
Student & instruction related services	9	11	11	13	15	15	15
General administrative services	4	2	2	2	2	2	2
School administrative services	3	3	3	3	3	3	3
Business administrative services	3	3	3	3	3	3	3
Plant operations and maintenance	4	4	3	3	2	1	1
Pupil transportation	2	2	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-
Food Service	3	3	-	-	-	-	-
Child Care	-	-	-	-	-	-	-
Total	80	81	75	77	80	78	77

Source: District Personnel Records

Belmar Board of Education
 Operating Statistics
 Last Seven Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	K-8				
2005	561	6,654,839	11,862		55	1:12	561	529		94.18%
2006	543	7,003,404	12,898	8.73%	53	1:10	543	513	-3.28%	94.48%
2007	534	7,980,040	14,944	15.87%	53	1:10	534	508	-1.66%	95.13%
2008	523	8,545,903	16,340	9.34%	53	1:10	523	499	-2.06%	95.41%
2009	533	8,618,453	16,170	-1.04%	55	1:10	533	509	1.91%	95.50%
2010	559	8,845,977	15,825	-2.13%	55	1:10	559	532	4.88%	95.17%
2011	560	8,618,453	15,390	-2.75%	54	1:10	560	532	0.18%	95.00%

Sources: District records, School Register Summary and Schedules J-2, J-1f

Note: Enrollment based on Average Daily Enrollment in District

a Operating expenditures equal total expenditures less debt service, tuition & transportation paid of out of district students, and capital outlay; Schedule J-2

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

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

Belmar Board of Education
 School Building Information
 Last Six Fiscal Years

	2005	2006	2007	2008	2009	2010	2011
<u>District Building</u>							
<u>Belmar Elementary School</u>							
Square Feet	85,841	85,841	85,841	85,841	85,841	85,841	85,841
Capacity (students)	704	704	704	704	704	704	704
Enrollment	561	543	534	523	533	559	560
<u>Other</u>							
Administration Building							
Square Feet	3,600	3,600	3,600	8,000	3,600	3,600	3,600

Number of Schools at June 30, 2011 - 1

Source: District records, LRFP

BELMAR BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 UNAUDITED

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

School Facilities	Project # (s)	2,011	2,010	2009	2008	2007	2006	2005	2004	2003	2002
Belmar Elementary School	N/A	86,450	82,677	126,297	\$ 290,052	\$ 209,761	\$ 138,672	\$ 49,676	\$ 52,865	\$ 59,432	\$ 72,960
Total School Facilities		86,450	82,677	126,297	290,052	209,761	138,672	49,676	52,865	59,432	72,960

Schedule does not provide ten years of information as the State Department of Education required this information beginning with fiscal year ended June 30, 2001.

Source: School Records, Schedule M-1

BELMAR BOARD OF EDUCATION
 INSURANCE SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 UNAUDITED

Company	Type of Coverage	Coverage	Deductible
NJ School Boards Assoc Insurance Group (NSBAIG)	Property Blanket Building & Contents- Replacement Cost Values	\$ 18,570,148	\$ 2,500
NJ School Boards Assoc Insurance Group (NSBAIG)	Flood/Earthquake	50,000,000	10,000
Selective Insurance	Flood	10,000	1,000
NJ School Boards Assoc Insurance Group (NSBAIG)	Liability -Each Occurrence	6,000,000	1,000
	Employee Benefits Liability	6,000,000	1,000
	Terrorism	1,000,000	1,000
	-Personal Injury	6,000,000	1,000
	Automotive Coverage	6,000,000	10,000
	Electronic Data Processing	367,290	1,000
	Boiler & Machinery	100,000,000	2,500
	Crime	100,000	500
NJ School Boards Assoc Insurance Group (NSBAIG)	Board of Education -Liability Wrongful Acts Coverage	\$ 1,000,000	\$ 5,000
	Each Loss	1,000,000	5,000
	Aggregate		
NJ School Boards Assoc Insurance Group (NSBAIG)	Worker's Compensation -Covered Payrolls-Professional	4,627,462	N/A
	-Covered Payrolls-Non-Professional	-	N/A
Selective Insurance	Fidelity Bonds		
	-Treasurer of School Monies	200,000	
	-School Business Administrator/ Board Secretary	25,000	
Peoples Benefit Life	Student Accident Insurance for all students per occurrence	1,000,000	

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

K-1

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

We have audited the general-purpose financial statements of the Board of Education of the Belmar School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

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

November 10, 2011

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH

MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

IN ACCORDANCE WITH OMB CIRCULAR A-133 AND

NEW JERSEY OMB CIRCULAR 04-04

K-2

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

Compliance

We have audited the compliance of the Board of Education of the Belmar School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011. Belmar Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Belmar Board of Education's management. Our responsibility is to express an opinion on the Belmar Board of Education's compliance based on our audit.

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

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

Internal Control Over Compliance

The management of the Board of Education of the Belmar School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Belmar Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Belmar Board of Education's internal control over compliance.

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

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

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

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

November 10, 2011

BELMAR SCHOOL DISTRICT

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDING JUNE 30, 2011

Schedule A
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Grant Period	Program or Award Amount	Balance June 30, 2010	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	(Accounts Receivable)	Balance at June 30, 2011 Deferred Revenue	Due to Grantor
General Fund	93 778	7-1-10 to 6-30-11	\$ 12,901	\$ -	-	12,901	(12,901)	-	-	-	-	-
Medical Assistance Program												
C.S. Department of Education Passed Through State Department of Education												
Title I Cluster												
Title I	84 010	9-1-08 to 8-31-09	190,156	(319)		319						
Title I	84 010	9-1-09 to 8-31-10	197,949	(5,289)		5,289						
Title I	84 010	9-1-10 to 8-31-11	226,451			91,739	(226,451)			(134,712)		
A.R.R.A. Title I	84 389	9-1-09 to 8-31-10	91,315	(15,192)		23,112	(21,000)		249	(13,080)		
Title II A	84 367 A	9-1-09 to 8-31-10	49,163	(841)		592	(51,051)			(25,479)		
Title II A	84 367 A	9-1-10 to 8-31-11	51,051			25,572						
Title II D	84 318	9-1-09 to 8-31-10	1,879	(78)		78	(505)			(505)		
Title II D	84 318	9-1-10 to 8-31-11	505			354		374		(4,649)		
Title III	84 365 A	9-1-09 to 8-31-10	10,598	(728)		6,057	(10,706)					
Title III	84 365 A	9-1-10 to 8-31-11	10,706			1,480						
Title III Immigrant	84 365 A	9-1-09 to 8-31-10	7,234	(1,480)		1,480						
Title III Immigrant	84 365 A	9-1-10 to 8-31-11	4,185	(754)		586			168			
Title IV	84 186	9-1-09 to 8-31-10										
Special Education Cluster												
L.D.E.A. Basic	84 027	9-1-09 to 8-31-10	291,609	(27,220)		49,524	(22,304)					
L.D.E.A. Basic	84 027	9-1-10 to 8-31-11	297,982			102,253	(195,526)			(93,273)		
L.D.E.A. Preschool	84 173	9-1-09 to 8-31-10	8,271				(449)		449	(449)		
L.D.E.A. Preschool	84 173	9-1-10 to 8-31-11	8,861			8,861	(8,861)					
A.R.R.A. L.D.E.A. Basic	84 391	9-1-09 to 8-31-10	369,605	(63,248)		147,643	(151,001)			(66,606)		
A.R.R.A. L.D.E.A. Preschool	84 392	9-1-09 to 8-31-10	13,352	(9,039)		9,039	(4,313)			(4,313)		
				(124,188)		472,498	(692,167)		1,240	(343,066)		
U.S. Department of Agriculture Passed Through State Department of Education:												
Child Nutrition Cluster												
National School Lunch Program	10 555	7-1-10 to 6-30-11	122,257	-		114,377	(122,257)			(7,880)		
National School Lunch Program	10 555	7-1-09 to 6-30-10	122,521	(10,428)		10,428						
School Breakfast Program	10 553	7-1-10 to 6-30-11	15,373			14,335	(15,373)			(1,038)		
School Breakfast Program	10 553	7-1-09 to 6-30-10	17,178	(1,446)		1,446						
Food Distribution	10 550	7-1-10 to 6-30-11	10,117	(11,874)		10,117	(10,117)			(8,918)		
Food Distribution	10 550	7-1-10 to 6-30-11	10,117	(11,874)		150,703	(147,747)					
Total U.S. Department of Agriculture				\$ (136,062)		636,102	(852,815)		1,240	(351,984)		

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

BELMAR SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program State Department of Education	Grant or State Project Number	Grant Period	Program or Award Amount	Balance June 30, 2010	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2011		MEMO Budgetary Receivable	Total Cumulative Expenditures
										(Accounts Receivable)	Deferred Revenue		
Transportation Aid	11-495-034-5120-014	7-1-10 to 6-30-11	\$ 108,205	-	-	108,205	(108,205)	-	-	-	(108,205)	108,205	
Special Education Aid	11-495-034-5120-011	7-1-10 to 6-30-11	290,154	(13,024)	-	290,154	(290,154)	-	-	-	(290,154)	290,154	
Security Aid	11-495-034-5120-084	7-1-10 to 6-30-11	129,118	(47,369)	-	129,118	(129,118)	-	-	-	(129,118)	129,118	
Admission Aid	11-495-034-5120-085	7-1-10 to 6-30-11	167,402	(60,393)	-	167,402	(167,402)	-	-	-	(167,402)	167,402	
Non-Public Transportation Aid	11-495-034-5120-014	7-1-10 to 6-30-11	1,117	-	-	1,117	(1,117)	-	-	(1,117)	(1,117)	1,117	
Reimbursed TPAF Social Security Contributions	11-100-034-5095-662	7-1-10 to 6-30-11	274,258	-	-	274,258	(274,258)	-	-	(12,733)	(274,258)	274,258	
Reimbursed TPAF Social Security Contributions	10-100-034-5095-002	7-1-09 to 6-30-10	293,441	(13,024)	-	13,024	-	-	-	(112,652)	(112,652)	112,652	
Extraordinary Aid	11-495-034-5120-044	7-1-10 to 6-30-11	112,652	(47,369)	-	47,369	(112,652)	-	-	(112,652)	(112,652)	112,652	
Extraordinary Aid	10-495-034-5120-044	7-1-09 to 6-30-10	47,369	(60,393)	-	1,016,797	(1,082,906)	-	-	(126,502)	(60,393)	1,082,906	
Special Revenue Nonpublic Aid	11-100-034-5120-064	7-1-10 to 6-30-11	54,282	-	-	54,282	(52,571)	(254)	-	-	(52,571)	52,571	
Textbook Aid	10-100-034-5120-064	7-1-09 to 6-30-10	64,059	254	-	-	-	-	-	-	254	64,059	
Textbook Aid	11-100-034-5120-067	7-1-09 to 6-30-11	10,247	(701)	-	701	(10,247)	-	-	(10,247)	(10,247)	10,247	
Home Instruction	10-100-034-5120-067	7-1-09 to 6-30-10	701	(701)	-	-	-	-	-	-	(701)	701	
Home Instruction	11-100-034-5120-067	7-1-09 to 6-30-11	64,320	3,385	-	64,320	(61,470)	(3,385)	-	-	(61,470)	61,470	
Nursing Services	10-100-034-5120-070	7-1-09 to 6-30-10	75,965	-	-	-	-	-	-	-	-	75,965	
Auxiliary Services	11-100-034-5120-067	7-1-10 to 6-30-11	192,656	1,536	-	192,656	(189,558)	(1,536)	-	-	(1,536)	189,558	
Compensatory Education	10-100-034-5120-067	7-1-09 to 6-30-10	192,790	1,957	-	1,957	(1,957)	(1,957)	-	-	(1,957)	192,790	
Compensatory Education	10-100-034-5120-067	7-1-09 to 6-30-10	1,957	1,957	-	-	-	-	-	-	1,957	1,957	
Transportation	11-100-034-5120-067	7-1-10 to 6-30-11	5,888	-	-	5,888	(5,888)	-	-	-	(5,888)	5,888	
Handicapped Services	11-100-034-5120-066	7-1-10 to 6-30-11	83,263	7,514	-	83,263	(75,761)	(7,514)	-	-	(75,761)	83,263	
Examination & Classification	10-100-034-5120-066	7-1-09 to 6-30-10	78,635	-	-	-	-	-	-	-	-	78,635	
Examination & Classification	11-100-034-5120-066	7-1-10 to 6-30-11	13,646	-	-	13,646	(13,646)	-	-	-	(13,646)	13,646	
Corrective Speech	11-100-034-5120-066	7-1-10 to 6-30-11	43,565	-	-	43,565	(43,565)	-	-	-	(43,565)	43,565	
Supplementary Instruction	11-100-034-5120-066	7-1-10 to 6-30-11	43,565	-	-	43,565	(43,565)	-	-	-	(43,565)	43,565	
Preschool Education Aid	11-495-034-5120-086	7-1-10 to 6-30-11	183,440	13,945	-	183,440	(183,440)	-	-	(10,247)	(18,344)	183,440	
Food Service	11-100-034-5120-086	7-1-10 to 6-30-11	183,440	13,945	-	643,761	(637,938)	(14,646)	-	-	(18,344)	637,938	
National School Lunch Program (State Share)	11-100-010-3360-067	7-1-10 to 6-30-11	3,328	-	-	3,093	(3,328)	-	-	(235)	(3,328)	3,328	
National School Lunch Program (State Share)	10-100-010-3360-067	7-1-09 to 6-30-10	5,421	(464)	-	464	-	-	-	-	(464)	5,421	
School Breakfast Program (State Share)	10-100-010-3360-096	7-1-09 to 6-30-10	1,193	(1,000)	-	100	-	-	-	-	(1,000)	1,193	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3,657	
School Breakfast Program (State Share)	11-100-010-3360-096	7-1-10 to 6-30-11	1,193	(564)	-	3,657	(3,328)	-	-	(235)	(564)	3	

BOARD OF EDUCATION

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

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

NOTE 2: Basis of Accounting

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

NOTE 3: Relationship to General Purpose Financial Statements

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 1,082,906	637,938	3,328	1,724,172
Difference – Budget to “GAAP”				
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized				
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	272,062			272,062
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>58,222</u>	<u>(7,479)</u>	<u> </u>	<u>50,743</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 1,413,190	630,459	3,328	2,046,977

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 12,901	692,167	147,747	852,815
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	_____	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 12,901</u>	<u>692,167</u>	<u>147,747</u>	<u>852,815</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

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

NOTE 6: Adjustments

The adjustments on Schedule A are due to prior year encumbrance adjustments.

BELMAR SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part 1 - Summary of Auditor's Results

Financial Statement Section

Unqualified

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified? _____ Yes x No

2) Reportable conditions(s) identified that are not considered to be material weaknesses? _____ Yes x None Reported

Noncompliance material to general purpose financial statements noted? _____ Yes x No

Federal Awards

Internal control over compliance:

1) Material weakness(es) identified? _____ Yes x No

2) Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes x None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ Yes x No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

Special Education Cluster:

84.027
84.173
84.391
84.392

IDEA Basic
IDEA Preschool
ARRA IDEA Basic
ARRA IDEA Preschool

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? x Yes _____ No

BELMAR SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part 1 - Summary of Auditor's Results (Continued)

State Awards

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

Auditee qualified as low-risk auditee? x Yes No

Type of auditor's report issued on compliance for major programs: N/A

Internal Control over major programs:

(1) Material Weakness(es) identified? Yes x No

(2) Reportable condition(s) identified that are not considered to material weaknesses? Yes x None Reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04? Yes x No

Identification of major programs:

GMIS Number(s)

11-495-034-5120-011
11-495-034-5095-002

Name of State Program

Special Education Aid
Reimbursed Social Security

BELMAR SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2011*Part 2 - Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

BELMAR SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2011*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs*

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

FEDERAL AWARDS

Finding: NONE

Information on the Federal Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: NONE

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

BELMAR SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2011*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs (Continued)***STATE AWARDS (Continued)**Cause: N/ARecommendation: N/AManagement's response: N/A

BELMAR SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prior Audit Findings:

None