

**SCHOOL DISTRICT OF
BEVERLY CITY**

BEVERLY CITY BOARD OF EDUCATION
Beverly, New Jersey
County of Burlington

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

BEVERLY CITY BOARD OF EDUCATION

BEVERLY, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by

**Beverly City Board of Education
Finance Department**

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INTRODUCTORY SECTION

Beverly City Board of Education
601 Bentley Avenue
Beverly, New Jersey 08010

Richard Wolbert, Board of Education, President
Ms. Elizabeth Giacobbe, Superintendent of Schools/Principal
Brian F. Savage, Ed.D., Interim School Business Administrator

(609) 387-2810
Fax (609) 387-0986

November 7, 2011

Honorable President and
Members of the Board of Education
Beverly City School District
Beverly, Burlington County, New Jersey

Dear Board Members and Constituents of Beverly City:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Revised Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letters 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 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: Beverly City School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Beverly City Board of Education and its school constitute the District's reporting entity.

Educational services are provided for regular and special education programs for handicapped youngsters. The Beverly City School District (Pre-K through Grade 8) completed the 2011 fiscal

year with an enrollment of 298 students; including pre-school students. The following details the changes in the student's enrollment of the District over the last five years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2006-07	223.5	(2.7%)
2007-08	220.1	(1.5%)
2008-09	221.1	0.4%
2009-10	227.8	3.0%
2010-11	235.4	3.3%

2) ECONOMIC CONDITION AND OUTLOOK: The Beverly area is not experiencing much growth or expansion due to the limited space available for development. The general area surrounding the district provides most of the opportunities for employment for residents. Some new small businesses have opened in Beverly through the restoration of vacant properties. There is some speculation about re-development based on plans for the new commuter rail line, which has been completed.

3) MAJOR INITIATIVES: The District engaged in the following initiatives during the 2010-2011 school year.

- Technology Improvements – Hardware & Software
- Curriculum Development
- Community Outreach Program
- Summer Student Services

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality.

Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund as needed. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re appropriations 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, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Readers should refer to the Managements Discussion and Analysis for a summary of the financial statements in relation to the prior year.

8) DEBT ADMINISTRATION: In 2005-2006, the District also entered into a textbook lease purchase in the amount of \$171,500. Repayment of this obligation was completed in the 2010-2011 school year. This debt and the District's prior year debt are detailed in "Notes to the Financial Statements".

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

10) RISK MANAGEMENT: The Board maintains a comprehensive insurance program, including (but not limited to) blanket building and contents property insurance, general liability, auto liability, umbrella liability and workers compensation. Annual reviews of the entire program are done in order to evaluate potential insurance changes.

11) OTHER INFORMATION:

A) Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman & Frenia, P. C. was selected by the Board of Education for this purpose. 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 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

B) Business Administrator/Board Secretary – Ms. Arlene Biesiada served up until February 2011 and Dr. Brian F. Savage served from February 2011 until June 2011 as the Interim School Business Administrator/Board Secretary.

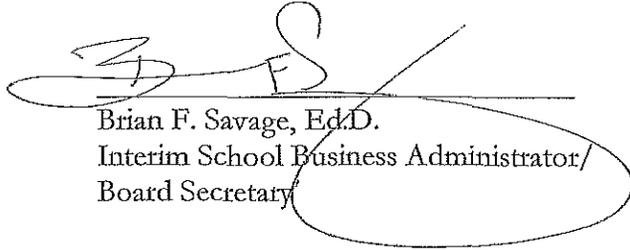
12) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Beverly City School Board or Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District, and thereby contributing their full support to the development and maintenance of our financial operation.

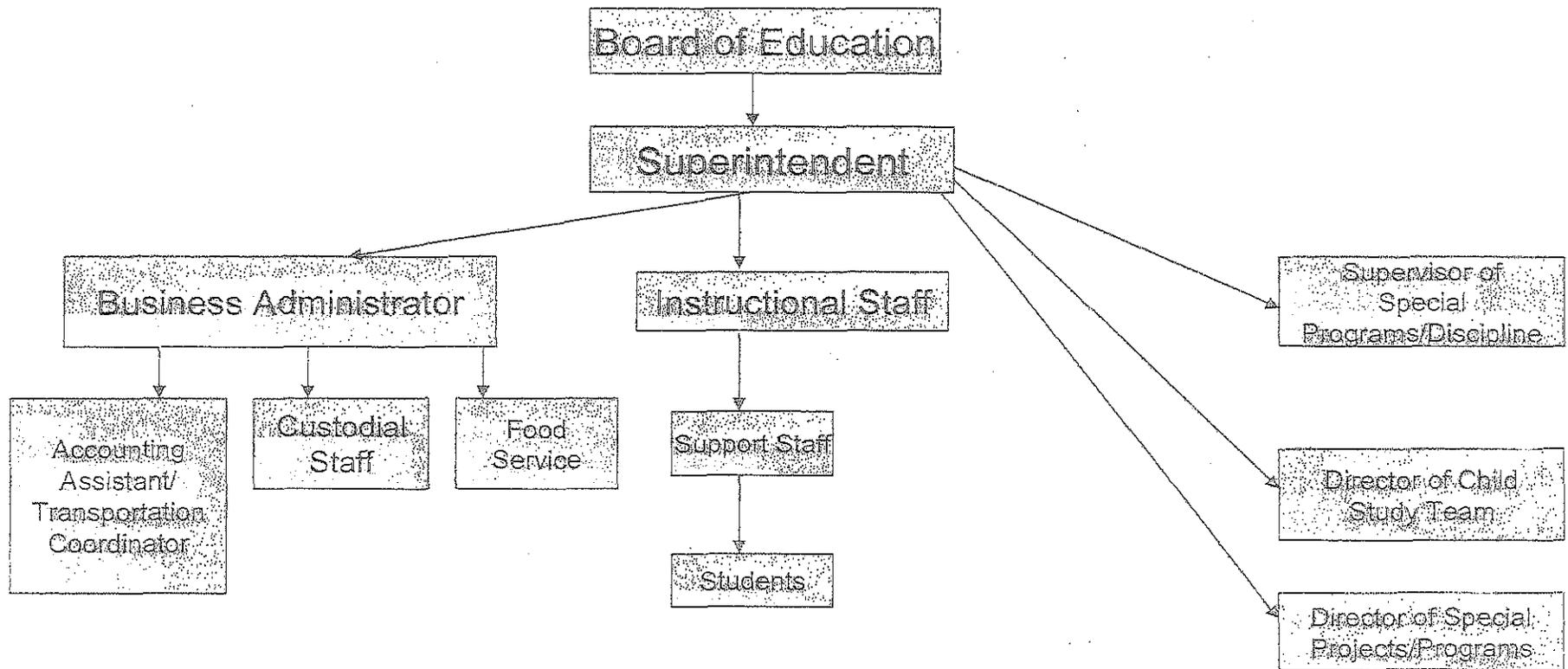
Respectfully submitted,



Ms. Elizabeth Giacobbe
Superintendent of Schools/Principal



Brian F. Savage, Ed.D.
Interim School Business Administrator/
Board Secretary



BEVERLY CITY BOARD OF EDUCATION

601 Bentley Avenue
Beverly, New Jersey 08010

ROSTER OF OFFICIALS

JUNE 30, 2011

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Richard Wolbert, President	2014
Robert Thibault, Vice President	2014
Stacey Atkinson	2014
Karen Crespo	2013
Paul Mourey	2012
Amy Pine	2012
Shirlene Scott	2012
Brad Smith	2013
Jean Wetherill	2013

OTHER OFFICIALS

Elizabeth Giacobbe, Superintendent of Schools

Brian F. Savage, Ed.D., Interim Business Administrator/Board Secretary

Pablo Canela, Treasurer of School Monies

BEVERLY CITY BOARD OF EDUCATION

601 Bentley Avenue
Beverly, New Jersey 08010

CONSULTANTS AND ADVISORS

AUDIT FIRM

Holman & Frenia, P. C.
Kevin P. Frenia, CPA, PSA
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Stephen J. Mushinski
Parker, McCay & Criscuolo
3 Greentree Center
Route 73 & Greentree
Marlton, New Jersey 08053

BOND COUNSEL

McManimon & Scotland, LLC
One Riverfront Plaza, 4th Floor
Newark, New Jersey 07102

OFFICIAL DEPOSITORY

Beneficial Bank
414 Cooper Street
Beverly, New Jersey 08010

FINANCIAL SECTION



Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Beverly City School District
County of Burlington
Beverly, New Jersey 08010

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Beverly City School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the Board'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; and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2011, on our consideration of the Beverly City Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10 through 14 and 47 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the

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TOMS RIVER OFFICE

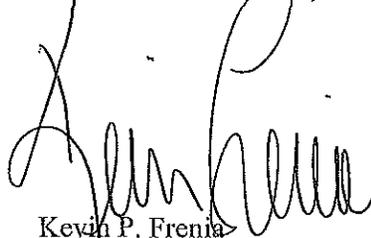
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basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beverly City Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, schedule of expenditures of state financial assistance and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of 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 is also not a required part of the financial statements. The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of state financial assistance 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.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia
Certified Public Accountant
Public School Accountant
No. 1011

Medford, New Jersey
October 7, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

BEVERLY CITY SCHOOL DISTRICT

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

UNAUDITED

The Management's Discussion and Analysis (MD&A) of the Beverly City Board of Education provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2011. It should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found starting on page 1 of the Introductory Section, and the School Board's financial statements found in the Financial Section starting on page 15, and the notes thereto.

FINANCIAL HIGHLIGHTS

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

In total, assets increased \$249,912 which represents a 31% increase from 2009-2010. Cash and cash equivalents increased by \$198,806, receivables increased by \$14,106; and capital assets increased by \$38,876.

Total liabilities of governmental activities decreased by \$159,619 as payables and other current liabilities decreased by \$115,615, and non-current liabilities (sick leave reimbursement and capital leases payable) decreased by \$44,004.

General revenues for 2010-2011 totaled \$6,326,125. Program specific revenues in the form of federal and state grants accounted for \$840,429 of total revenues for the year.

Total spending for all programs was \$6,815,960. General revenues (primarily local tax levy and state aid) of \$6,356,609 were adequate enough to provide for the balance of these programs.

USING THE ANNUAL REPORT

The School Board's annual report consists of a series of financial statements that show information for the School Board as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Assets and the Statement of Activities provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's finances. For the School Board's governmental activities, these statements tell how the School Board financed its services in the short-term as well as what remains for future spending. Fund statements also may give the reader some insights into the School Board's overall financial health. Fund financial statements also report the School Board's operations in more detail than the government-wide financial statements by providing information about the School Board's most significant funds-such as the School Board's General Fund and Special Revenue Fund. The remaining statement, Statement of Fiduciary Net Assets, presents financial information about activities for which the School Board acts solely as an agent for the benefit of employees and students.

The School Board's auditor has provided its opinion in its independent auditor's report, located immediately preceding this Management's Discussion and Analysis, on the Basic Financial Statements. 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 parts of the Financial Section.

The School Board prepared the Introductory Section and the Statistical Section without association by the independent auditors. Accordingly, the School Board assumes full responsibility for the accuracy of these sections.

THE SCHOOL DISTRICT AS A WHOLE

Table I provides a summary of the School Board's net assets as of June 30, 2011 and 2010.

Table I
Statement of Net Assets
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>	<u>Percentage of Change</u>
ASSETS			
Cash & Cash Equivalents	463,437	264,631	75.13%
Receivables	384,043	369,937	13.87%
Other Assets	4,261	6,137	(30.57)%
Capital Assets	<u>196,730</u>	<u>157,854</u>	24.63%
Total Assets	<u>1,048,471</u>	<u>798,559</u>	31.30%
LIABILITIES			
Accounts Payable	25,777	108,990	(76.35)%
Deferred Revenue	58,467	58,841	(0.64)%
Other Current Liabilities	-	32,484	(100.00)%
Non-Current Liabilities:			
Due within One-Year	1,036	35,836	(97.11)%
Due Beyond One-Year	<u>91,419</u>	<u>100,623</u>	(37.08)%
Total Liabilities	<u>176,699</u>	<u>336,318</u>	(47.46)%
NET ASSETS	<u>\$ 871,772</u>	<u>\$ 462,241</u>	

Table II shows the changes in net assets for fiscal year 2011 as compared to fiscal year 2010. This table categorizes total revenue generated by the School Board between program and general revenue, and total expenditures between instruction, support services and special extraordinary items.

Table II
Statement of Revenues Expenditures and Changes in Fund Balance
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>	<u>Percentage of Change 2010-2011</u>
REVENUE			
General Revenue:			
Local Tax Levy	2,699,728	2,702,584	(0.11)%
Federal & State Aid	4,380,557	4,561,646	(8.97)%

	<u>2011</u>	<u>2010</u>	Percentage of Change <u>2010-2011</u>
REVENUE (continued):			
Other General Revenue	<u>33,593</u>	<u>18,871</u>	78.01%
Total Revenues	<u>\$ 7,113,878</u>	<u>\$7,283,101</u>	(2.32)%
FUNCTION/PROGRAM EXPENSES:			
Instruction:			
Regular Instruction	1,553,740	1,611,968	(3.61)%
Special Instruction	249,354	208,416	19.64%
Other Instruction	92,726	29,099	218.66%
Support Services			
Instruction	2,197,628	1,886,190	16.51%
Health Services	98,116	59,108	65.99%
Other Support Services	474,944	808,794	(41.28)%
Educational Media Services	1,665	3,734	(55.41)%
Instruction Staff Training	3,763	709	430.75%
General Administration	233,855	221,242	5.70%
School Administration	42,666	25,086	70.08%
Central Services	157,763	165,024	(4.40)%
Operations & Maintenance	324,809	460,145	(29.41)%
Student Transportation Svcs.	395,827	411,899	(3.90)%
Unallocated Employee Bnfts.	842,065	742,468	13.41%
Other	<u>64,468</u>	<u>58,815</u>	9.61%
Total Expenses	<u>6,733,389</u>	<u>6,692,697</u>	0.61%
Increase/(Decrease) in Fund Balance	<u>\$ 380,489</u>	<u>\$ 590,404</u>	

THE SCHOOL BOARD'S FUNDS

The School Board 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 City of Beverly, State of New Jersey and other entities. 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 total net assets of \$871,772. This balance includes \$100,000 of Maintenance Reserve funds and \$100,000 of Tuition Reserve funds. The Board of Education approved this transfer of funds at the June 22, 2011 meeting. The Reconciliation of the Statement of Revenue & Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Exhibit B-3, on page 20 presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

GENERAL FUND BUDGETING HIGHLIGHTS

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 Section C of the CAFR, entitled Budgetary Comparison Schedules. The School Board practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund finished the fiscal year approximately \$303,829 more than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about \$9,457 worse than expected. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

CAPITAL ASSETS

At June 30, 2011, the School Board had approximately \$1,340,577 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. Increases during the year represent additions to those categories, while decreases represent retirement of assets during the year, and depreciation of depreciable assets for the year. Table III below shows the book value of capital assets in government funds at the end of the 2011 and 2010 fiscal years.

Table III
Capital Assets (net of accumulated depreciation)
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>	<u>Of Change</u>
Land, Buildings & Building Improvements	\$964,210	\$964,210	0.00%
Furniture, Vehicles & Equipment	<u>376,367</u>	<u>292,176</u>	28.82%
Subtotal	<u>\$1,340,577</u>	<u>\$1,256,386</u>	6.70%
Less: Accumulated Depreciation	(1,143,847)	(1,098,532)	(4.13)%
Net Capital Assets	<u>\$196,730</u>	<u>\$157,854</u>	24.63%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Beverly area is not experiencing much growth or expansion due to the limited space available for development. The general area surrounding the District provides most of the opportunities for employment for residents. Some new businesses have opened in Beverly through the restoration of vacant properties.

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

CONTACTING THE SCHOOL BOARD'S FINANCIAL OFFICER

The School Board's financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the school Board's finances and to show the Board's accountability for the funds it receives. If you have any questions or concerns about this report, or wish to request additional financial information, please contact Dr. Brian Savage, RSBA, Interim School Business Administrator/Board Secretary of the Beverly City Board of Education, 601 Bentley Avenue Beverly, New Jersey 08010.

BASIC FINANCIAL STATEMENTS

A. District-Wide Financial Statements

BEVERLY CITY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$455,993	7,444	463,437	264,631
Receivables:				
Other (Net)	18,987		18,987	38,100
State	51,134	2,794	53,928	72,030
Federal	311,128		311,128	259,807
Inventory		4,261	4,261	6,137
Capital Assets, Net (Note 6)	181,349	15,381	196,730	157,854
Total Assets	1,018,591	29,880	1,048,471	798,559
LIABILITIES				
Accounts Payable	25,777		25,777	108,990
Accrued Interest Payable				1,544
Deferred Revenue	58,467		58,467	58,841
Interfund Payable				30,484
Noncurrent Liabilities (Note 7):				
Due Within One Year	1,036		1,036	35,836
Due Beyond One Year	91,419		91,419	100,623
Total Liabilities	176,699		176,699	336,318
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	181,349	15,381	196,730	122,018
Restricted for:				
Other Purposes	655,876		655,876	210,763
Unrestricted	4,667	14,499	19,166	129,460
Total Net Assets	\$841,892	29,880	871,772	462,241

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

BEVERLY CITY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

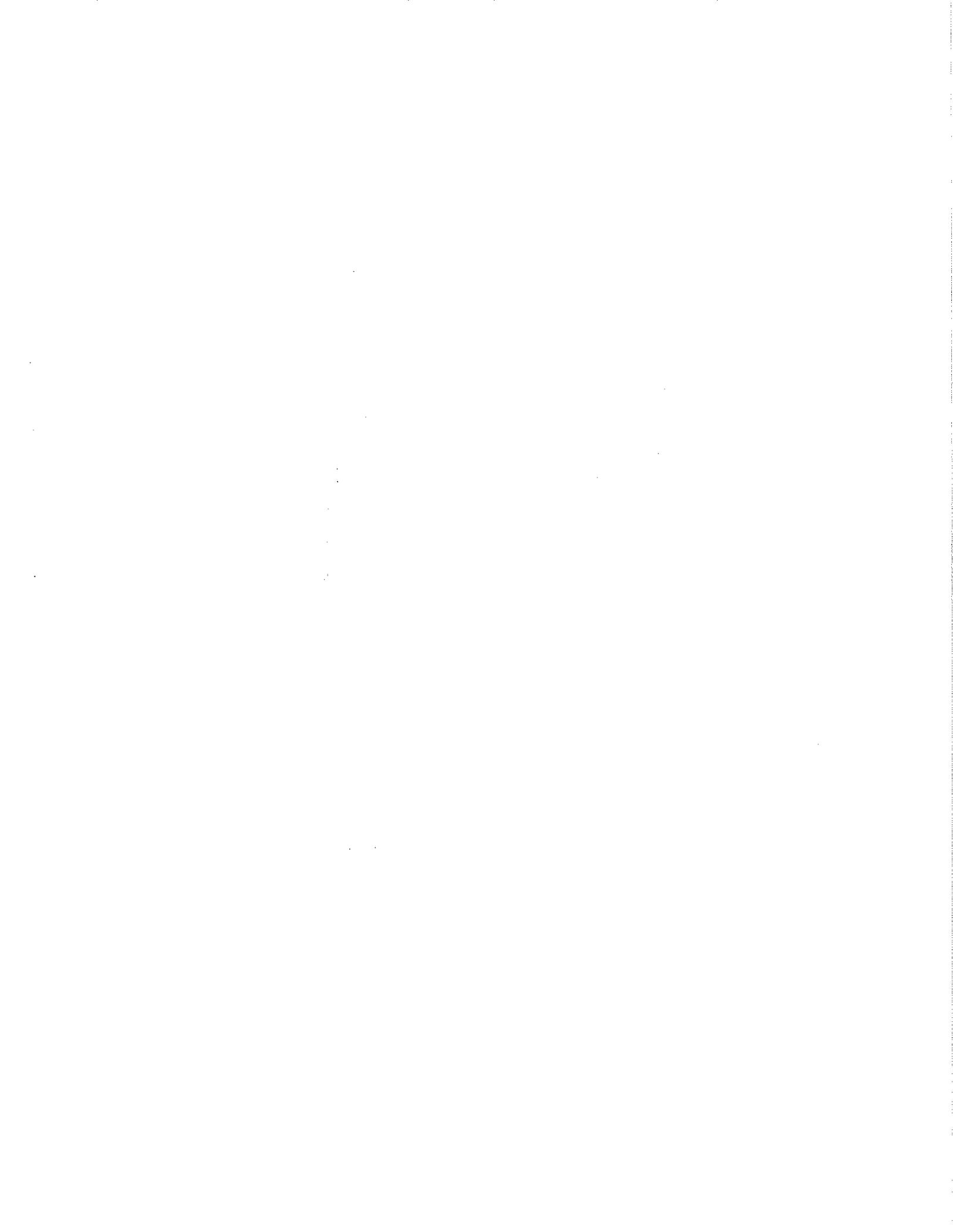
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FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
						(MEMORANDUM ONLY)	
					JUNE 30, 2011	JUNE 30, 2010	
Governmental Activities:							
Instruction:							
Regular	\$1,553,740		449,175	(1,104,565)	(1,104,565)	(1,185,631)	
Special Education	249,354			(249,354)	(249,354)	(208,416)	
Other Special Instruction	92,726			(92,726)	(92,726)	(29,099)	
Support Services & Undistributed Costs:							
Instruction	2,197,628			(2,197,628)	(2,197,628)	(1,886,190)	
Health Services	98,116			(98,116)	(98,116)	(59,108)	
Other Support Services	474,944		81,549	(393,395)	(393,395)	(592,404)	
Educational Media Services/School Library	1,665			(1,665)	(1,665)	(3,734)	
Instructional Staff Training	3,763			(3,763)	(3,763)	(709)	
General Administrative Services	233,855			(233,855)	(233,855)	(221,242)	
School Administrative Services	42,666			(42,666)	(42,666)	(25,086)	
Central Services	157,763			(157,763)	(157,763)	(165,024)	
Plant Operations & Maintenance	324,809			(324,809)	(324,809)	(460,145)	
Student Transportation Services	395,827			(395,827)	(395,827)	(411,899)	
Unallocated Employee Benefits	842,065		226,545	(615,520)	(615,520)	(498,828)	
Unallocated Depreciation	42,152			(42,152)	(42,152)	(33,733)	
Decrease in Compensated Absences	(8,168)			8,168	8,168	24,493	
Total Governmental Activities	6,702,905		757,269	(5,945,636)	(5,945,636)	(5,756,755)	

BEVERLY CITY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2011	JUNE 30, 2010
Business-Type Activities:							
Food Service	113,055	28,453	83,160		(1,442)	(1,442)	838
Total Business-Type Activities	113,055	28,453	83,160		(1,442)	(1,442)	838
Total Primary Government	\$6,815,960	28,453	840,429	(5,945,636)	(1,442)	(5,947,078)	(5,755,917)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				\$2,699,728		2,699,728	2,702,584
Federal & State Aid				3,623,288		3,623,288	3,675,279
Miscellaneous Income				33,593		33,593	18,871
Operating Transfer In					30,484	30,484	49,575
Operating Transfer Out				(30,484)		(30,484)	(49,575)
Total General Revenues, Special Items, Extraordinary Items & Transfers				6,326,125	30,484	6,356,609	6,396,734
Change In Net Assets				380,489	29,042	409,531	640,817
Net Assets - Beginning				461,403	838	462,241	(178,576)
Net Assets - Ending				\$841,892	29,880	871,772	462,241

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



B. Fund Financial Statements

Governmental Funds



**BEVERLY CITY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$273,017	1,000	274,017	221,012
Cash - Capital Reserve	181,976		181,976	210,763
Receivables:				
State	32,406	18,728	51,134	68,538
Federal		311,128	311,128	259,807
Other				4,205
Interfund Receivable	289,045		289,045	36,122
Total Assets	\$776,444	330,856	1,107,300	800,447
LIABILITIES & FUND BALANCE				
Liabilities:				
Cash Deficit				170,293
Payable to State/Federal Government		25,777	25,777	25,777
Accounts Payable				83,213
Interfund Payable		270,058	270,058	2,227
Deferred Revenue		58,467	58,467	58,841
Total Liabilities		354,302	354,302	340,351
Fund Balances:				
Restricted for:				
Capital Reserve Account	\$192,739		192,739	210,763
Excess Surplus	60,408		60,408	263,137
Maintenance Surplus	100,000		100,000	
Tuition Reserve	100,000		100,000	
Excess Surplus Designated for Subsequent Year's Expenditures	263,137		263,137	
Assigned to:				
Designated for Subsequent Year's Expenditures	62,587		62,587	
Unassigned to:				
General Fund	(2,427)		(2,427)	2,545
Special Revenue Fund		(23,446)	(23,446)	(16,349)
Total Fund Balances	776,444	(23,446)	752,998	460,096
Total Liabilities & Fund Balances	\$776,444	330,856		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,294,952 and the accumulated depreciation is \$1,113,603.

181,349 139,310
(1,544)

Accrued Interest not recorded in current financial statements
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Illustrative Note 7)

(92,455) (136,459)

Net assets of Governmental Activities

\$841,892 461,403

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

**BEVERLY CITY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2011	JUNE 30, 2010
Revenues:				
Local Sources:				
Local Tax Levy	\$2,699,728		2,699,728	2,702,584
Miscellaneous	33,593		33,593	18,871
Total Local Sources	2,733,321		2,733,321	2,721,455
State Sources	3,731,286	233,055	3,964,341	3,744,356
Federal Sources	125,644	290,572	416,216	817,290
Total Revenues	6,590,251	523,627	7,113,878	7,283,101
Expenditures:				
Current:				
Regular Instruction	1,104,565	449,175	1,553,740	1,611,968
Special Education Instruction	249,354		249,354	208,416
Other Special Instruction	92,726		92,726	29,099
Support Services & Undistributed Costs:				
Instruction	2,197,628		2,197,628	1,886,190
Health Services & Attendance	98,116		98,116	59,108
Other Support Services	393,395	81,549	474,944	808,794
Educational Media Services/ School Library	1,665		1,665	3,734
Instructional Staff Training	3,763		3,763	709
General Administrative Services	269,691		269,691	255,470
School Administrative Services	42,666		42,666	25,086
Central Services	159,307		159,307	166,499
Plant Operations & Maintenance	287,288		287,288	360,401
Student Transportation Services	395,827		395,827	411,899
Unallocated Employee Benefits	842,065		842,065	742,468
Capital Outlay	121,712		121,712	99,744
Total Expenditures	6,259,768	530,724	6,790,492	6,669,585
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	330,483	(7,097)	323,386	613,516
Other Financing Sources/(Uses):				
Transfers Out	(30,484)		(30,484)	(49,575)
Total Other Financing Sources & Uses	(30,484)		(30,484)	(49,575)
Net Change in Fund Balances	299,999	(7,097)	292,902	563,941
Fund Balance - July 1	476,445	(16,349)	460,096	(103,845)
Fund Balance - June 30	\$776,444	(23,446)	752,998	460,096

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

**BEVERLY CITY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$292,902
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, 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:

Capital Outlay	\$84,191	
Depreciation Expense	<u>(42,152)</u>	42,039

Repayment of capital lease principal and pension liability are expenditures 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.	35,836
--	--------

Accrued interest is not recorded in the governmental funds, but is expensed in the statement of net assets.

Prior Year	1,544
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In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave, early retirement incentives, vacations) are measured by the amounts earned during the year. In the governmental funds, In the Governmental funds, however, expenditures for these items are reported in the amounts of financial resources used/(paid).

	<u>8,168</u>
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Change in Net Assets of Governmental Activities	<u><u>\$380,489</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

Proprietary Funds

**BEVERLY CITY BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2011
 (With Comparative Totals for June 30, 2010)**

ASSETS	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u> FOOD SERVICE	TOTALS (MEMORANDUM ONLY) JUNE 30, JUNE 30, 2011 2010	
Current Assets:			
Cash & Cash Equivalents	\$7,444	7,444	3,149
Accounts Receivable:			
State	38	38	153
Federal	2,756	2,756	3,339
Inventories	4,261	4,261	6,137
	<hr/>		
Total Current Assets	14,499	14,499	12,778
	<hr/>		
Noncurrent assets:			
Furniture, Machinery & Equipment	45,625	45,625	45,625
Less: Accumulated Depreciation	(30,244)	(30,244)	(27,081)
	<hr/>		
Total Noncurrent Assets	15,381	15,381	18,544
	<hr/>		
Total Assets	29,880	29,880	31,322
	<hr/>		
 LIABILITIES			
Interfund Payable			30,484
			<hr/>
Total Liabilities			30,484
			<hr/>
 NET ASSETS			
Investments in Capital Assets	15,381	15,381	18,544
Unrestricted	14,499	14,499	(17,706)
	<hr/>		
Total Net Assets	\$29,880	29,880	838
	<hr/> <hr/>		

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

**BEVERLY CITY BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUND</u> FOOD SERVICE	TOTALS (MEMORANDUM ONLY) JUNE 30, 2011	JUNE 30, 2010
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$18,122	18,122	13,320
School Breakfast Program	1,508	1,508	1,084
Daily Sales - Nonreimbursable Programs:			
Adult & Ala Carte	8,557	8,557	8,009
Special Functions	266	266	75
Total Operating Revenues	<u>28,453</u>	<u>28,453</u>	<u>22,488</u>
Operating Expenses:			
Salaries	38,185	38,185	41,154
Benefits & Payroll Taxes	7,142	7,142	7,651
Management Fee	10,000	10,000	10,000
Supplies & Materials	8,476	8,476	7,684
Depreciation	3,163	3,163	2,650
Cost of Sales	46,089	46,089	32,748
Total Operating Expenses	<u>113,055</u>	<u>113,055</u>	<u>101,887</u>
Operating Income/(Loss)	<u>(84,602)</u>	<u>(84,602)</u>	<u>(79,399)</u>
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	1,334	1,334	2,105
State School Breakfast Program			861
Federal Sources:			
National School Lunch Program	56,588	56,588	51,124
National School Breakfast Program	15,922	15,922	13,857
Food Service Grant			5,130
Food Distribution Program	9,316	9,316	7,160
Total Nonoperating Revenues/(Expenses)	<u>83,160</u>	<u>83,160</u>	<u>80,237</u>
Net Income/(Loss) Before Other Financing Sources/(Uses)	<u>(1,442)</u>	<u>(1,442)</u>	<u>838</u>
Other Financing Sources/(Uses):			
Board Contribution	30,484	30,484	49,575
Total Other Financing Sources/(Uses)	<u>30,484</u>	<u>30,484</u>	<u>49,575</u>
Change in Net Assets	29,042	29,042	50,413
Total Net Assets - Beginning	838	838	(49,575)
Total Net Assets - Ending	<u>\$29,880</u>	<u>29,880</u>	<u>838</u>

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

**BEVERLY CITY BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011
 (With Comparative Totals for June 30, 2010)**

	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUND</u>	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2011	JUNE 30, 2010
Cash Flows From Operating Activities:			
Receipts from Customers	\$29,151	29,151	22,983
Payments to Employees	(45,327)	(45,327)	(48,805)
Payments to Suppliers	(93,173)	(93,173)	(104,841)
Net Cash Provided/(Used) by Operating Activities	<u>(109,349)</u>	<u>(109,349)</u>	<u>(130,663)</u>
Cash Flows From Capital Financing Activities:			
Purchase of Capital Assets			(5,130)
Net Cash Provided/(Used) by Noncapital Financing Activities			<u>(5,130)</u>
Cash Flows From Noncapital Financing Activities:			
State Sources	1,334	1,334	2,966
Federal Sources	81,826	81,826	77,270
Board Contributions	30,484	30,484	49,575
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>113,644</u>	<u>113,644</u>	<u>129,811</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	4,295	4,295	(5,982)
Balances - Beginning of Year	<u>3,149</u>	<u>3,149</u>	<u>9,131</u>
Balances - End of Year	<u>\$7,444</u>	<u>7,444</u>	<u>3,149</u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	(\$84,602)	(84,602)	(79,399)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	3,163	3,163	2,650
(Increase)/Decrease in Receivables	698	698	495
(Increase)/Decrease in Inventories	1,876	1,876	(3,404)
Increase/(Decrease) in Accounts Payable	(30,484)	(30,484)	(51,005)
Total Adjustments	<u>(24,747)</u>	<u>(24,747)</u>	<u>(51,264)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(\$109,349)</u>	<u>(109,349)</u>	<u>(130,663)</u>

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

Fiduciary Fund

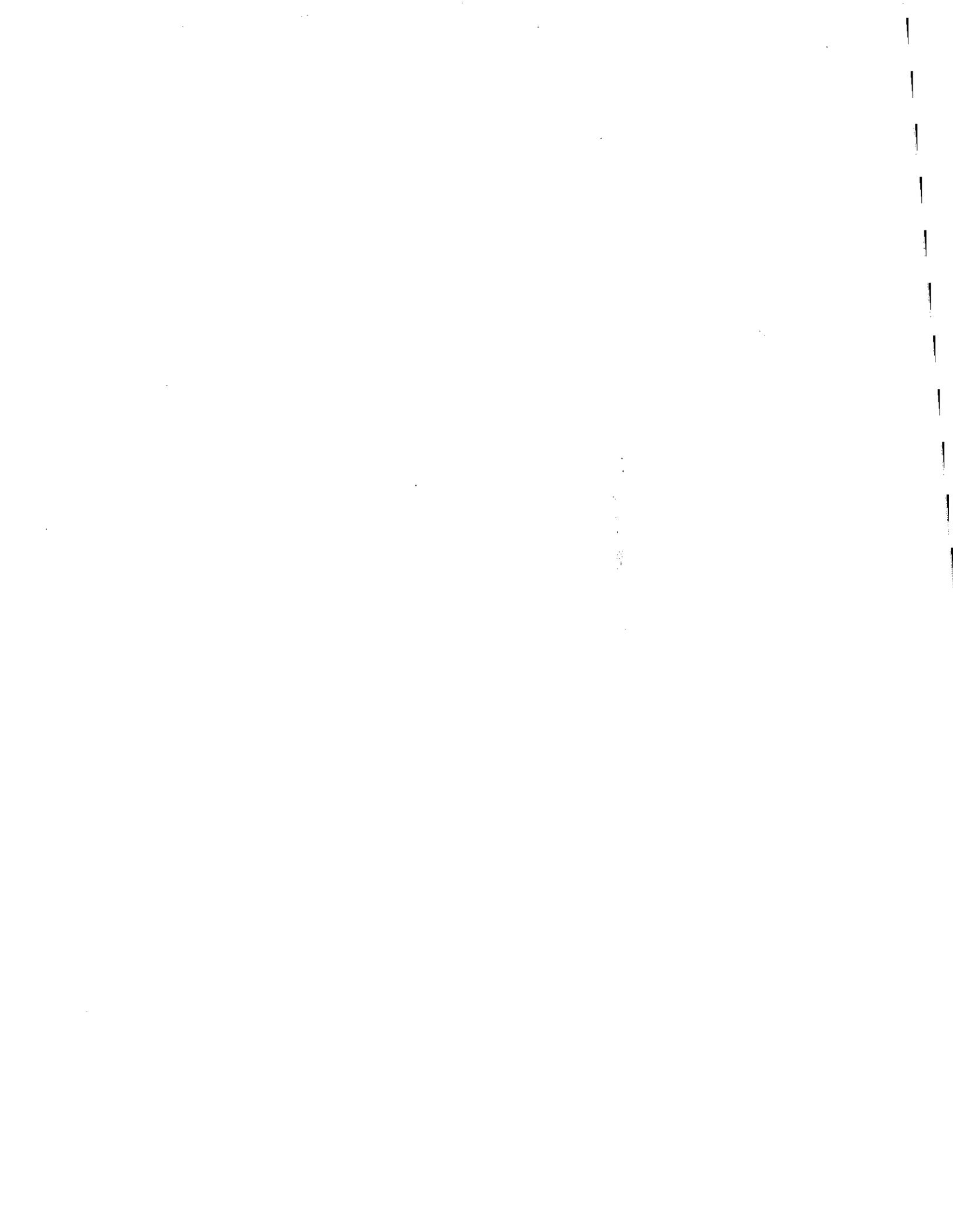
**BEVERLY CITY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

ASSETS	AGENCY		TOTALS (MEMORANDUM ONLY)	
	STUDENT ACTIVITY	PAYROLL	JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$5,575	26,310	31,885	15,067
Total Assets	5,575	26,310	31,885	15,067
LIABILITIES				
Payroll Deductions & Withholdings		7,323	7,323	5,772
Due to General Fund		18,987	18,987	3,410
Due to Student Groups	5,575		5,575	5,885
Total Liabilities	5,575	26,310	31,885	15,067
Total Net Assets	-	-	-	-

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

**BEVERLY CITY BOARD OF EDUCATION
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**



BEVERLY CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Beverly City Board of Education have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District has implemented these standards for the fiscal year-ending June 30, 2003. With the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management's Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures*; Statement 44 – *Economic Condition Reporting – The Statistical Section* and Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2011 and for the year then ended with comparative totals as of and for the year ended June 30, 2010 (Memorandum Only).

A. Reporting Entity:

The Beverly City Board of Education is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The operations of the District include 1 elementary school located in Beverly City. The Board is comprised of seven members elected to three-year terms. These terms are staggered so that three members' terms expire each year. The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational, as well as special education for handicapped youngsters. The Beverly City Board of Education has an approximate enrollment at June 30, 2011 of 269 students.

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

BEVERLY CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies (continued):

- ◆ 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

Based on the aforementioned criteria, the District has no component units.

B. District-Wide and Fund Financial Statements

The district-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

District-Wide Financial Statements – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BEVERLY CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies (continued):

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

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. Fund Accounting:

The accounts of the Beverly City Board of Education 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. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. 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. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

Governmental Funds

General Fund - The general fund is the general operating fund of the Beverly City Board of Education and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education Beverly City Board of Education includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

BEVERLY CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies (continued):

D. Fund Accounting (continued):

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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.

Permanent Fund – Resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the reporting governments programs, that is for the benefit of the government or its citizenry.

Proprietary Fund

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

BEVERLY CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies (continued):

D. Fund Accounting (continued):

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

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

Food Service Fund:	
Equipment	12 Years

Fiduciary Fund

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds

Private Purpose Trust Funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains an Unemployment Trust Fund as a private purpose trust.

Agency Funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity's own operating programs. The District currently maintains Payroll funds and Student Activity Funds as Agency Funds

E. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

BEVERLY CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies (continued):

E. Basis of Accounting (continued):

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. 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.

In its accounting and financial reporting, the Beverly City Board of Education follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Beverly City Board of Education's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval and then to the Board of School Estimates. 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:23-1.2*. All budget amendments must be approved by School Board resolution.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue

BEVERLY CITY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 1. Summary of Significant Accounting Policies (continued):

F. Budgets/Budgetary Controls (continued):

fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

The following presents a reconciliation of the special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types:

**Notes to Required Supplementary Information.
Budgetary Comparison Schedule**

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$6,536,116	\$530,724
Difference – Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	310,042	16,349
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(255,907)</u>	<u>(23,446)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$6,590,251</u>	<u>\$523,627</u>

BEVERLY CITY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 1. Summary of Significant Accounting Policies (continued):

F. Budgets/Budgetary Controls (continued):

	General Fund	Special Revenue Fund
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$6,259,768</u>	<u>\$530,724</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances -- governmental funds	<u>\$6,259,768</u>	<u>\$530,724</u>

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 Beverly City Board of Education 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.

H. Cash, Cash Equivalents and Investments:

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

BEVERLY CITY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 1. Summary of Significant Accounting Policies (continued):

H. Cash, Cash Equivalents and Investments (continued):

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

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

I. Tuition Receivable/Payable

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.

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2010, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2007-2008 and 2008-2009 have been established. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

J. Inventories & Prepaid Expenses

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

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

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

BEVERLY CITY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 1. Summary of Significant Accounting Policies (continued):

K. Short-Term Interfund Receivables/Payables

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

L. Fixed Assets:

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed were valued by an independent appraisal company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Building & Improvements	7 – 60 Years
Machinery and Equipment	3 – 20 Years
Infrastructure	30 Years

M. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2011 for such salaries.

N. Compensated Absences

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

BEVERLY CITY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 1. Summary of Significant Accounting Policies (continued):

N. Compensated Absences (continued):

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

O. Deferred Revenue

Deferred revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned.

P. Long-term Obligations

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

Q. Fund Equity

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.

In accordance with State of New Jersey statutes, the fund balance to be utilized in the subsequent year budget is not legally restricted and therefore has been classified as fund balance designated for subsequent year's expenditures and is not reserved.

R. Subsequent Events

Beverly City Board of Education has evaluated subsequent events occurring after June 30, 2011 through the date of October 7, 2011, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents and Investments

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

BEVERLY CITY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 2. Cash and Cash Equivalents and Investments (continued):

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$495,322</u>
Total Deposits	<u>\$495,322</u>
Reconciliation to Statement of Net Assets:	
Governmental Activities	\$455,993
Business-Type Activities	7,444
Fiduciary Funds	<u>31,885</u>
Total Cash & Cash Equivalents	<u>\$495,322</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$511,597 at June 30, 2011. Of the bank balance \$250,000 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$261,597 was secured by a collateral pool held by the bank, but not in the District’s name, as required by New Jersey’s Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

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

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the District or bonds or other obligations of the local unit or units within which the District is located;

BEVERLY CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

Note 2. Cash and Cash Equivalents and Investments (continued):

- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the District;
- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities with certain limitations.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer.

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2011 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

BEVERLY CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

Note 4. Capital Reserve Account

A capital reserve account was established by the Beverly City Board of Education by inclusion of \$1 during 2000-2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to

BEVERLY CITY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 4. Capital Reserve Account (continued):

N.J.S.A.19:60-2. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. As of June 30, 2011 the Long Range Facilities Plan is \$192,739.

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	\$210,763
Decreased by:	
Transfer to Capital Outlay	<u>(18,024)</u>
Ending Balance, June 30, 2011	<u>\$192,739</u>

During the year ending June 30, 2011, the District transferred \$0 to the capital reserve account. The transfer was made from unreserved general fund fund balance.

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2011, the District transferred \$18,024 to the capital outlay accounts.

Note 6. Capital Assets

The following schedule is a summarization of the general fixed assets by source for the fiscal year ended June 30, 2011:

	June 30, 2010	Additions	Deletions	June 30, 2011
Land & Improvements	\$ 84,750		\$ -	\$ 84,750
Building & Improvements	879,460			879,460
Machinery & Equipment	246,551	\$84,191		<u>330,742</u>
Subtotal	1,210,761	84,191		1,294,952
Accumulated Depreciation	<u>(1,071,451)</u>	<u>(42,152)</u>		<u>(1,113,603)</u>
Total	<u>\$ 139,310</u>	<u>\$42,039</u>	<u>\$ -</u>	<u>\$ 181,349</u>

The following is a summary of proprietary fund type fixed assets at June 30, 2011:

	Original Cost	Accumulated Depreciation	Book Value
Machinery & Equipment	<u>\$45,625</u>	<u>\$(30,244)</u>	<u>\$15,381</u>

BEVERLY CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

Note 7. Long-Term Debt

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

	Balance 6/30/10	Issued	Retired	Balance 6/30/11	Due Within One Year
Compensated					
Absences Payable	\$ 94,748	\$ -	\$ (7,132)	\$87,616	
Pension Liability	5,875		(1,036)	4,839	\$1,036
Capital Leases Payable	35,836		(35,836)		
				<hr/>	
Total	<u>\$136,459</u>	<u>\$ -</u>	<u>\$(44,004)</u>	<u>\$92,455</u>	<u>\$1,036</u>

A. Unfunded Pension Liability

The School District approved an "Early Retirement Incentive Program" permitted by State Legislation during 1993 for certain members of the Teachers Pension and Annuity Fund. The members had to meet certain age and service requirements and had to apply for retirement between certain dates in fiscal year 1994 to be eligible. The District selected a thirty-year payment program and is assessed annually by the State Division of Pensions for their contribution to fund this program

B. Capital Leases

As of June 30, 2011 the School District had no future capital lease obligations.

C. Bonds Authorized But Not Issued

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

Note 8. Pension Plans

Plan Descriptions - All employees of the District are required to be 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

BEVERLY CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2011

Note 8. Pension Plans (continued):

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 in January 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 noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A. 43:15A* and *43:3B* and *N.J.S.A. 18A:66* 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 55 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

BEVERLY CITY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 8. Pension Plans (continued):

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.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Contribution Requirements – The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$33,773	100%	\$ -0-
6/30/10	29,682	100%	-0-
6/30/09	27,334	100%	-0-

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$ 98,277	100%	\$ -0-
6/30/10	125,257	100%	-0-
6/30/09	126,614	100%	-0-

BEVERLY CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued): JUNE 30, 2011

Note 8. Pension Plans (continued):

During the year ended June 30, 2011 the State of New Jersey contributed \$98,277 to the TPAF for normal 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 \$128,268 for 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 basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 9. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 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 10. Risk Management

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

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

New Jersey Unemployment Compensation Insurance – The District has elected to fund their New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

BEVERLY CITY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 11. Economic Dependency

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

Note 12. Interfund Receivables and Payables

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

	Interfund Receivable	Interfund Payable
General Fund	\$289,045	
Special Revenue Fund		\$270,058
Fiduciary Fund	<u> </u>	<u>18,987</u>
Total	<u>\$289,047</u>	<u>\$289,045</u>

Note 13. Deficit Fund Balances

The District has a deficit fund balance of \$(2,427) in the General Fund and \$(23,446) in the Special Revenue Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). *N.J.S.A. 18A:22-44.2* 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 budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes as 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 cannot 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 General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

BEVERLY CITY BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2011**

Note 14. GASB #54 – Fund Balance Disclosure

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Shamong Board of Education classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

General Fund – Of the \$776,444 General Fund fund balance at June 30, 2011, \$192,739 has been restricted for the Capital Reserve Account; \$263,137 has been restricted as excess surplus and has been appropriated and included as anticipated revenue for year ending June 30, 2011; \$60,408 has been restricted as excess surplus; \$100,000 has been restricted for Maintenance Reserve; \$100,000 has been restricted for Tuition Reserve; \$62,587 has been appropriated and included as anticipated revenue for the year ending June 30, 2012 and \$(2,427) is unassigned.

Note 15. Deferred Compensation

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

Note 16. 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.

BEVERLY CITY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2011

Note 16. Compensated Absences (continued):

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of retirement, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

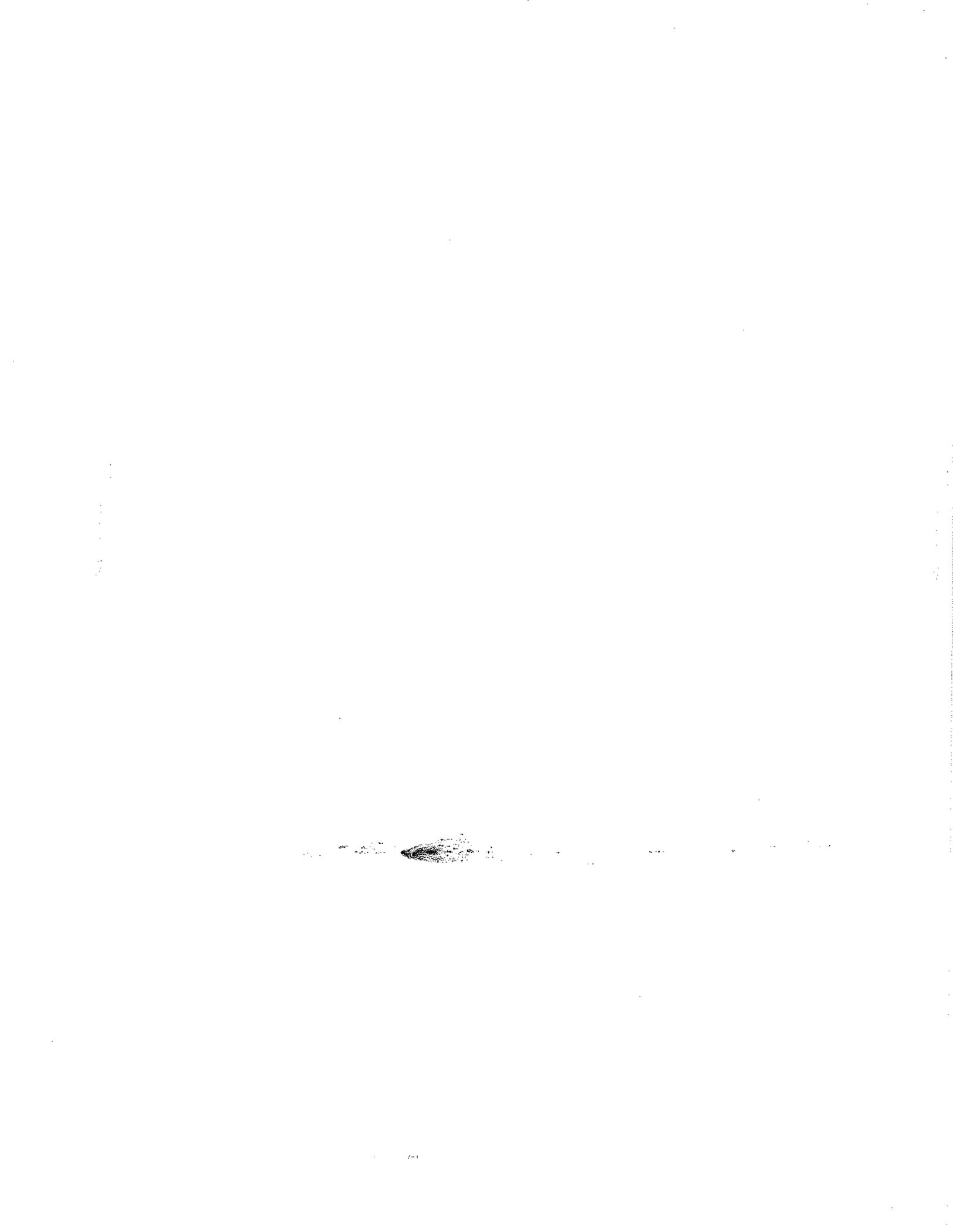
The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2011 is \$87,616.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011 no liability existed for compensated absences in the proprietary fund types.

Note 17. Calculation of Excess Surplus

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$60,408.

REQUIRED SUPPLEMENTARY INFORMATION – PART II



C. Budgetary Comparison Schedules

**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:										
Local Sources:										
Local Tax Levy	10-1210	\$2,699,728		2,699,728	2,699,728		2,702,584		2,702,584	2,702,584
Miscellaneous	10-1990	2,000		2,000	33,593	31,593	2,000		2,000	18,871
Total Local Sources		2,701,728		2,701,728	2,733,321	31,593	2,704,584		2,704,584	2,721,455
State Sources:										
Categorical Transportation Aid	10-3121	201,603		201,603	201,603		238,660		238,660	238,660
Categorical Special Education Aid	10-3132	144,349		144,349	144,349		147,958		147,958	147,958
Equalization Aid	10-3176	2,045,574		2,045,574	2,045,574		1,977,197	(358,754)	1,618,443	1,618,443
Categorical Security Aid	10-3177	76,562		76,562	76,562		72,271		72,271	72,271
Adjustment Aid	10-3178	950,112		950,112	950,112		1,304,289		1,304,289	1,279,907
Extraordinary Aid	10-3XXX	68,285		68,285	28,926	(39,359)				58,923
Nonpublic Transportation Aid					3,480	3,480				3,664
Nonbudgeted:										
On-Behalf TPAF Pension Contributions					98,277	98,277				125,257
Reimbursed TPAF Social Security Contributions					128,268	128,268				118,383
Total State Sources		3,486,485		3,486,485	3,677,151	190,666	3,740,375	(358,754)	3,381,621	3,663,466
Federal Sources:										
ARRA - Education Stabilization Fund								345,384	345,384	345,384
ARRA - Government Services Fund								13,370	13,370	13,370
Special Education - Medicaid Initiative		6,856		6,856	1,685	(5,171)	6,274		6,274	6,274
Education Jobs Fund Program					123,959	123,959				123,959
Total Federal Services		6,856	123,959	130,815	125,644	(5,171)	6,274	358,754	365,028	365,028
Total Revenues		6,195,069	123,959	6,319,028	6,536,116	217,088	6,451,233		6,451,233	6,749,949

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**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011					POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010					POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Expenditures:												
Current Expense:												
Instruction - Regular Programs:												
Salaries of Teachers:												
Preschool/Kindergarten	11-110-100-101	174,167	(4,700)	169,467	169,353	114	175,232	5,037	180,269	179,906	363	
Grades 1 - 5	11-120-100-101	369,641	160,831	530,472	529,837	635	458,205	74,932	533,137	532,269	868	
Grades 6 - 8	11-130-100-101	245,287	26,228	271,515	270,110	1,405	315,358	(4,475)	310,883	297,394	13,489	
Home Instruction:												
Salaries of Teachers	11-150-100-101	1,250	1,850	3,100	3,100		1,200		1,200	1,120	80	
Purchased Professional - Educational Services	11-150-100-320						2,100	3,422	5,522	5,522		
General Supplies	11-150-100-610						400	(400)				
Regular Programs - Undistributed Instruction:												
Other Salaries for Instruction	11-190-100-106	42,361	25,180	67,541	66,625	916	48,580	28,856	77,436	77,436		
Purchased Professional - Educational Services	11-190-100-320	20,000	(17,700)	2,300		2,300	24,716	(2,035)	22,681	22,413	268	
Purchased Technical Services	11-190-100-340	8,000	(1,050)	6,950	6,914	36	11,100	(7,746)	3,354	3,289	65	
Other Purchased Services	11-190-100-500						1,589	(1,000)	589		589	
General Supplies	11-190-100-610	50,000	(1,000)	49,000	48,067	933	65,000	(5,500)	59,500	59,500		
Textbooks	11-190-100-640	6,400	330	6,730	6,729	1	6,400	(890)	5,510	5,508	2	
Other Objects	11-190-100-890	7,000	(1,330)	5,670	3,830	1,840	7,700	(6,426)	1,274	1,274		
Total Regular Programs - Instruction		924,106	188,639	1,112,745	1,104,565	8,180	1,117,580	83,775	1,201,355	1,185,631	15,724	
Special Education:												
Learning and/or Language Disabilities:												
Salaries of Teachers	11-204-100-101						46,800	(46,800)				
Purchased Professional - Educational Services	11-204-100-320						450	(450)				
General Supplies	11-204-100-610						903	(903)				

**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	FINAL ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	FINAL ACTUAL	FINAL TO ACTUAL
Total Learning and/or Language Disabilities						48,153	(48,153)			
Resource Room/Resource Center:										
Salaries of Teachers	11-213-100-101	236,508	10,200	246,708	246,188	520	178,300	29,326	207,626	207,626
Purchased Professional - Educational Services	11-213-100-320						1,324	(414)	910	910
General Supplies	11-213-100-610	3,000	380	3,380	3,166	214	4,200	(2,847)	1,353	790
Textbooks	11-213-100-640						1,150	(950)	200	200
Other Objects	11-213-100-890						200	(200)		
Total Resource Room/Resource Center		239,508	10,580	250,088	249,354	734	185,174	24,915	210,089	208,416
Total Special Education		239,508	10,580	250,088	249,354	734	233,327	(23,238)	210,089	208,416
Basic Skills/Remedial:										
Salaries of Teachers	11-230-100-101	169,895	(91,090)	78,805	78,805		41,858	(26,978)	14,880	6,503
Purchased Professional - Educational Services	11-230-100-320						500		500	500
General Supplies	11-230-100-610						425	2,620	3,045	2,978
Total Basic Skills/Remedial		169,895	(91,090)	78,805	78,805		42,783	(24,358)	18,425	9,481
Bilingual Education:										
Salaries of Teachers	11-240-100-101	7,500	2,577	10,077	10,039	38	7,500	107	7,607	7,607
Total Bilingual Education		7,500	2,577	10,077	10,039	38	7,500	107	7,607	7,607
School Sponsored Co curricular Activities:										
Salaries	11-401-100-100		940	940	934	6	6,020	358	6,378	6,378
Purchased Services	11-401-100-500	800	(170)	630	624	6	1,133	(400)	733	733
Supplies and Materials	11-401-100-610				(75)	75	1,509		1,509	1,257
Other Objects	11-401-100-890		500	500	500		1,053		1,053	959
Total School Sponsored Co curricular Activities		800	1,270	2,070	1,983	87	9,715	(42)	9,673	8,594

**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
School Sponsored Athletics - Instruction:											
Salaries of Teachers	11-402-100-100	1,900		1,900	1,899	1	6,623	(4,700)	1,923	1,899	24
Purchased Services	11-402-100-500						1,800	(384)	1,416	1,411	5
Supplies and Materials	11-402-100-610						200		200	107	93
Total School Sponsored Athletics - Instruction		1,900		1,900	1,899	1	8,623	(5,084)	3,539	3,417	122
Total Instruction		1,343,709	111,976	1,455,685	1,446,645	9,040	1,419,528	31,160	1,450,688	1,423,146	27,542
Undistributed Expenditures:											
Instruction:											
Tuition to Other LEA's -State Regular	11-000-100-561	704,513	(23,375)	681,138	681,138		580,574	(10,000)	570,574	563,468	7,106
Tuition to Other LEA's -State Special	11-000-100-562	414,273	(73,039)	341,234	341,234		359,250	92,950	452,200	452,200	
Tuition to City Vocational School District - Regular	11-000-100-563	95,000	17,500	112,500	112,500		115,500	(5,237)	110,263	97,020	13,243
Tuition to CSSD & Regional Day School	11-000-100-565	683,539	133,217	816,756	816,756		501,820	32,174	533,994	509,787	24,207
Tuition to Private Schools for the Handicapped - State	11-000-100-566	251,848	(62,908)	188,940	188,940		259,041	(11,536)	247,505	211,861	35,644
Tuition to Private Schools for the Handicapped & Other LEA's Outside the State	11-000-100-567	51,000	1,560	52,560	52,560		47,504	2,866	50,370	50,370	

**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Instruction (continued):											
Tuition - State Facilities	11-000-100-568	6,100	(1,600)	4,500	4,500		28,982	(28,982)			
Tuition - Other	11-000-100-569							1,484	1,484	1,484	
<hr/>											
Total Undistributed Expenditures - Instruction		2,206,273	(8,645)	2,197,628	2,197,628		1,892,671	73,719	1,966,390	1,886,190	80,200
<hr/>											
Attendance and Social Work Services:											
Salaries of Secretarial & Clerical Assistants											
	11-000-211-105	16,000	200	16,200	16,179	21	12,000	68	12,068	11,568	500
Technical Services											
	11-000-211-300	1,500	(200)	1,300	783	517	150	(68)	82		82
<hr/>											
Total Attendance and Social Work Services		17,500		17,500	16,962	538	12,150		12,150	11,568	582
<hr/>											
Health Services:											
Salaries											
	11-000-213-104	69,000	(4,680)	64,320	64,320		69,303	(10,990)	58,313	38,305	20,008
Purchased Professional & Technical Services											
	11-000-213-300	8,000	6,600	14,600	14,419	181	10,800		10,800	7,603	3,197
Supplies and Materials											
	11-000-213-610	2,500	325	2,825	2,415	410	2,500		2,500	1,632	868
Other Objects											
	11-000-213-890	225		225		225	225		225		225
<hr/>											
Total Health Services		79,725	2,245	81,970	81,154	816	82,828	(10,990)	71,838	47,540	24,298
<hr/>											
Other Support Services - Students - Related Services:											
Salaries											
	11-000-216-100		88,190	88,190	88,172	18		39,999	39,999	38,358	1,641
Purchased Professional - Educational Services											
	11-000-216-320	68,000	(37,755)	30,245	30,245		140,000	(36,390)	103,610	88,799	14,811
Supplies and Materials											
	11-000-216-610						800		800	525	275
Other Objects											
	11-000-216-890						800	(800)			
<hr/>											
Total Other Support Services - Students - Related Services		68,000	50,435	118,435	118,417	18	141,600	2,809	144,409	127,682	16,727

**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Other Support Services - Special Education - Extraordinary Services:											
Salaries	11-000-217-100	15,000	(1,545)	13,455	11,784	1,671	12,000	(10,394)	1,606		1,606
Purchased Professional - Educational Services	11-000-217-320	8,000	(200)	7,800	746	7,054	8,000	(1,625)	6,375	6,375	
Total Other Support Services - Special Education - Extraordinary Services		23,000	(1,745)	21,255	12,530	8,725	20,000	(12,019)	7,981	6,375	1,606
Other Support Services - Students - Regular:											
Salaries of Other Professional Staff	11-000-218-104						27,000	2,783	29,783	29,782	1
Salaries of Secretarial and Clerical Staff	11-000-218-105	12,500		12,500	10,549	1,951					
Purchased Professional - Educational Services	11-000-218-320	3,500	4,000	7,500	7,066	434	3,400	98	3,498	3,498	
Purchased Professional - Technical Services	11-000-218-390						800	(133)	667		667
Other Purchased Services	11-000-218-500						500		500	500	
Supplies and Materials	11-000-218-610						1,350	(1,350)			
Other Objects	11-000-218-890						360		360		360
Total Other Support Services - Students - Regular		16,000	4,000	20,000	17,615	2,385	33,410	1,398	34,808	33,780	1,028
Other Support Services - Students - Special Services:											
Salaries of Other Professional Staff	11-000-219-104	79,000	40,680	119,680	119,362	318	196,667	1,029	197,696	197,696	
Salaries of Secretarial & Clerical Assistants	11-000-219-105	19,200		19,200	18,293	907	36,985	(1,920)	35,065	24,360	10,705
Other Salaries	11-000-219-110		269	269	269		1,000	6,208	7,208	7,208	
Purchased Professional - Educational Services	11-000-219-320	73,000	(47,198)	25,802	25,486	316	23,000	66,082	89,082	89,080	2
Other Purchased Professional & Technical Services	11-000-219-390	91,000	(81,065)	9,935	9,906	29	8,000	(25)	7,975	7,965	10
Supplies and Materials	11-000-219-610	2,600	(100)	2,500	934	1,566	5,600	(2,260)	3,340	3,083	257
Other Objects	11-000-219-890	1,780		1,780	600	1,180	1,780		1,780	1,780	
Total Other Support Services - Students - Special Services		266,580	(87,414)	179,166	174,850	4,316	273,032	69,114	342,146	331,172	10,974

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**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Improvement of Instruction Services/Other Support											
Services - Instruction Staff:											
Salaries of Supervisor of Instruction	11-000-221-102	50,000	10,900	60,900	60,900	70,000	9,550	79,550	79,550		
Salaries of Other Professional Staff	11-000-221-104	2,500	3,550	6,050	6,050	1,740	1,060	2,800	2,800		
Salaries of Secretarial & Clerical Assistants	11-000-221-105	2,500	550	3,050	3,033	17	2,100	(724)	1,376	1,376	
Other Salaries	11-000-221-110	6,000	(3,950)	2,050	2,050	6,000	4,595	10,595	10,595		
Other Purchased Professional & Technical Services	11-000-221-390					500		500		500	
Supplies and Materials	11-000-221-610	2,000	(150)	1,850	1,850	2,500	(1,500)	1,000		1,000	
Other Objects	11-000-221-890					450		450	450		
<hr/>											
Total Improvement of Instruction Services/Other Support Services - Instruction Staff		63,000	10,900	73,900	69,983	3,917	83,290	12,981	96,271	93,395	2,876
<hr/>											
Educational Media Services/School Library:											
Purchased Professional & Technical Services	11-000-222-300	1,420		1,420	1,420	2,800	(2,000)	800	182	618	
Other Purchased Services	11-000-222-500	1,500		1,500	1,373	127	1,300	1,300	1,300		
Supplies and Materials	11-000-222-610	1,000		1,000	292	708	2,100	2,100	2,070	30	
Other Objects	11-000-222-890	1,000	(500)	500	500	350	(168)	182	182		
<hr/>											
Total Educational Media Services/School Library		4,920	(500)	4,420	1,665	2,755	6,550	(2,168)	4,382	3,734	648
<hr/>											
Instructional Staff Training Services:											
Other Salaries	11-000-223-110					750	(750)				
Purchased Professional - Educational Services	11-000-223-320					3,000	(3,000)				
Other Purchased Professional & Technical Services	11-000-223-390	500		500	500	2,000	(1,865)	135	135		
Travel	11-000-223-580	4,000		4,000	3,763	237	7,000	(5,244)	1,756	418	1,338
Supplies & Materials	11-000-223-610					500		500		500	
Other Objects	11-000-223-890					400		400	156	244	

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**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Instructional Staff Training Services	4,500		4,500	3,763	737	13,650	(10,859)	2,791	709	2,082	
Support Services General Administration:											
Salaries	11-000-230-100	78,000	33,700	111,700	111,462	238	108,975	(18,135)	90,840	79,480	11,360
Legal Services	11-000-230-331	27,000	20,000	47,000	46,841	159	20,000	19,716	39,716	39,706	10
Audit Fees	11-000-230-332	20,000	(1,500)	18,500	18,500		28,100	(8,950)	19,150	19,150	
Other Purchased											
Professional Services	11-000-230-339	4,000	12,100	16,100	16,086	14	14,000	(5,900)	8,100	6,315	1,785
Purchased Technical Services	11-000-230-340	8,400	2,675	11,075	11,003	72	3,500		3,500	2,934	566
Communications/Telephone	11-000-230-530	33,500	(14,175)	19,325	19,234	91	26,000	50	26,050	25,053	997
Other Purchased Professional Service:	11-000-230-585	500	(500)				550	(450)	100		100
Other Purchased Services	11-000-230-590	6,000	(500)	5,500	5,480	20	5,000	(1,600)	3,400	2,232	1,168
General Supplies	11-000-230-610	3,000	1,000	4,000	3,942	58	3,000		3,000	2,986	14
BOE In House Training/Meeting											
Supplies	11-000-230-630						600		600	600	
Judgments Against District	11-000-230-820	75,000	(56,100)	18,900	18,900		427,400	(113,230)	314,170	68,159	246,011
Miscellaneous Expenditures	11-000-230-890	2,900	(2,160)	740	733	7	3,700		3,700	3,061	639
BOE Membership Dues and Fees	11-000-230-895	6,000	11,600	17,600	17,510	90	6,550	(2)	6,548	5,794	754
Total Support Services General Administration		264,300	6,140	270,440	269,691	749	647,375	(128,501)	518,874	255,470	263,404
Support Services School Administration:											
Salaries of Secretarial & Clerical Assistants	11-000-240-105	16,000		16,000	15,536	464	11,925	12,421	24,346	18,178	6,168
Purchased Professional & Technical Services	11-000-240-300	4,000	8,325	12,325	12,321	4	4,000	102	4,102	4,098	4
Supplies and Materials	11-000-240-610	3,500	20	3,520	3,517	3	2,900		2,900	2,810	90
Other Objects	11-000-240-890	500	(20)	480	154	326	500	(100)	400		400
Total Support Services School Administration		24,000	8,325	32,325	31,528	797	19,325	12,423	31,748	25,086	6,662

**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Central Services:											
Salaries	11-000-251-100	151,665		151,665	144,987	6,678	97,722	41,483	139,205	134,009	5,196
Purchased Professional & Technical Services	11-000-251-340	10,600	1,028	11,628	11,542	86	27,000	(2,645)	24,355	24,057	298
Miscellaneous Purchased Services	11-000-251-592	4,000	(1,360)	2,640	123	2,517	6,000	(1,500)	4,500	598	3,902
Supplies and Materials	11-000-251-610	4,000	(500)	3,500	1,630	1,870	3,800		3,800	3,800	
Interest on Current Loans	11-000-251-831						3,200	(3,200)			
Miscellaneous Expenditures	11-000-251-890	3,200		3,200	1,025	2,175	4,500		4,500	4,035	465
Total Central Services		173,465	(832)	172,633	159,307	13,326	142,222	34,138	176,360	166,499	9,861
Administrative Information Technology:											
Purchased Professional & Technical Services	11-000-252-340	11,138		11,138	11,138						
Total Central Administrative Technology		11,138		11,138	11,138						
Required Maintenance for School Facilities:											
Cleaning, Repair & Maintenance Services	11-000-261-420	51,000	(2,000)	49,000	43,710	5,290	25,000	450	25,450	24,705	745
General Supplies	11-000-261-610	23,100	(6,773)	16,327	7,664	8,663	23,500	(3,000)	20,500	20,455	45
Total Required Maintenance for School Facilities		74,100	(8,773)	65,327	51,374	13,953	48,500	(2,550)	45,950	45,160	790
Operation & Maintenance of Plant Services & School Facilities:											
Salaries	11-000-262-100	141,733	(16,536)	125,197	117,289	7,908	192,020	(25,593)	166,427	146,028	20,399
Salaries of Non-Instructional Aids	11-000-262-107	8,664	(8,664)								
Purchased Professional - Technical Services	11-000-262-300	25,000	(9,000)	16,000	6,362	9,638	36,700	535	37,235	34,992	2,243
Cleaning, Repair & Maintenance Services	11-000-262-420	20,000	(9,700)	10,300	8,880	1,420	22,900		22,900	22,139	761
Other Purchased Property Services	11-000-262-490	2,400		2,400	2,027	373	2,400		2,400	1,668	732
Insurance	11-000-262-520	21,740		21,740	21,732	8	21,755	(3,325)	18,430	18,430	
Miscellaneous Purchased Services	11-000-262-590	4,000	(1,500)	2,500	1,221	1,279	10,555	(2,500)	8,055	5,422	2,633

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**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Operation & Maintenance of Plant Services & School Facilities (continued):											
General Supplies	11-000-262-610	4,000		4,000	1,759	2,241	2,200		2,200	2,200	
Energy (Heat & Electricity)	11-000-262-622	60,000		60,000	48,328	11,672	60,000	(4,500)	55,500	41,680	13,820
Energy (Natural Gas)	11-000-262-621	59,000	(30,500)	28,500	28,150	350	59,000		59,000	41,679	17,321
Other Objects	11-000-262-890	2,500	(1,465)	1,035	166	869	2,690		2,690	1,003	1,687
Total Operation & Maintenance of Plant Services & School Facilities		349,037	(77,365)	271,672	235,914	35,758	410,220	(35,383)	374,837	315,241	59,596
Student Transportation Services:											
Salaries (Between Home & Schools)	11-000-270-161	9,500		9,500	8,183	1,317	7,800	2,663	10,463	10,463	
Salaries (Other Than Between Home & Schools)	11-000-270-162	9,500		9,500	7,227	2,273	7,800		7,800	1,363	6,437
Management Fee - ESC & CTSA Transportation Program	11-000-270-350						11,950	(11,950)			
Contracted Services (Between Home & School) - Vendors	11-000-270-511	82,000		82,000	81,027	973	68,250		68,250	67,151	1,099
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	5,000		5,000	3,798	1,202	15,000	(10,000)	5,000	3,200	1,800
Contracted Services (Other Than Between Home & School) - Joint Agreements	11-000-270-513	33,500		33,500	27,981	5,519	37,500	(15,000)	22,500	15,958	6,542
Contracted Services (Special Education Students) - Vendors	11-000-270-514	60,000	(25,400)	34,600	23,278	11,322	65,000	(20,000)	45,000	20,282	24,718
Contracted Services (Special Education Students) - Joint Agreements	11-000-270-515	65,000	(14,000)	51,000	12,015	38,985	95,000	(64,887)	30,113	22,243	7,870

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**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Student Transportation Services (continued):											
Contracted Services - ESCs & CTSAs											
Regular Students	11-000-270-517						1,900		1,900		1,900
Contracted Services - ESCs & CTSAs											
Special Education Students	11-000-270-518	215,000		215,000	215,000		245,000	4,139	249,139	249,139	
Contracted Services - Aid in Lieu											
Payments	11-000-270-503	23,000		23,000	17,318	5,682	25,000	(2,577)	22,423	22,100	323
Miscellaneous Purchased Services	11-000-270-593						250		250		250
Total Student Transportation Services		502,500	(39,400)	463,100	395,827	67,273	580,450	(117,612)	462,838	411,899	50,939
Unallocated Benefits - Employee Benefits:											
Group Insurance	11-000-291-210	32,400	(11,000)	21,400	20,916	484	34,304	(7,703)	26,601	4,772	21,829
Social Security Contributions	11-000-291-220	48,000	17,000	65,000	64,722	278	41,500	30,776	72,276	72,276	
Other Retirement Contributions -											
PERS	11-000-291-241	29,000	4,773	33,773	33,773		28,000	1,682	29,682	29,682	
Other Retirement Contributions -											
ERIP	11-000-291-242		1,000	1,000	607	393	1,000		1,000		1,000
Other Retirement Contributions -											
Regular	11-000-291-249	1,000	(100)	900	868	32					
Unemployment Compensation	11-000-291-250	30,000	(15,000)	15,000	14,943	57	9,600	1,293	10,893	6,270	4,623
Workman's Compensation	11-000-291-260	32,500	5,060	37,560	37,154	406	31,300		31,300	30,734	566
Health Benefits	11-000-291-270	416,901	155,879	572,780	439,963	132,817	403,078	(24,456)	378,622	350,823	27,799
Tuition Reimbursements	11-000-291-280	6,000	(3,000)	3,000	2,574	426	7,650	(1,600)	6,050	4,271	1,779
Total Unallocated Benefits - Employee Benefits		595,801	154,612	750,413	615,520	134,893	556,432	(8)	556,424	498,828	57,596
Nonbudgeted:											
On-Behalf TPAF Pension Contributions					98,277	(98,277)				125,257	(125,257)
Reimbursed TPAF Social Security Contributions					128,268	(128,268)				118,383	(118,383)

**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Undistributed Expenditures	4,743,839	11,983	4,755,822	4,691,411	64,411	4,963,705	(113,508)	4,850,197	4,503,968	346,229
Total Expenditures - Current Expense	6,087,548	123,959	6,211,507	6,138,056	73,451	6,383,233	(82,348)	6,300,885	5,927,114	373,771
Capital Outlay:										
Equipment:										
Regular Programs - Instruction:										
Grades 1 - 5	12-120-100-730					2,000	(2,000)			
Grades 6 - 8	12-130-100-730					2,000	(2,000)			
Non-Instructional Services	12-000-300-730	2,000	4,126	6,126	2,294	3,832	2,000	2,000	2,000	
Total Equipment		2,000	4,126	6,126	2,294	3,832	6,000	(4,000)	2,000	2,000
Facilities Acquisition & Construction Services:										
Architectural/Engineering Services	12-000-400-334	68,000	(68,000)							
Other Purchased Professional & Technical Services	12-000-400-390					2,000		2,000	2,000	
Construction Services	12-000-400-450		81,898	81,898	81,897	1	15,000	38,223	53,223	53,223
Land & Improvements	12-000-400-710					5,000		5,000	5,000	
Lease Purchase Agreements-Principal	12-000-400-721	37,521		37,521	37,521	40,000	(1,450)	38,550	37,521	1,029
Total Facilities Acquisition & Construction Services		105,521	13,898	119,419	119,418	1	62,000	36,773	98,773	97,744
Total Capital Outlay		107,521	18,024	125,545	121,712	3,833	68,000	32,773	100,773	99,744
Total Expenditures		6,195,069	141,983	6,337,052	6,259,768	77,284	6,451,233	(49,575)	6,401,658	6,026,858
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)			(18,024)	(18,024)	276,348	294,372		49,575	49,575	723,091
Other Financing Sources/(Uses):										
Operating Transfers Out:										
Food Service Fund	11-000-310-930		(30,484)	(30,484)	(30,484)			(49,575)	(49,575)	(49,575)
Total Other Financing Sources/(Uses)			(30,484)	(30,484)	(30,484)			(49,575)	(49,575)	(49,575)

**BEVERLY CITY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/ (Uses)		(48,508)	(48,508)	245,864	294,372				673,516	673,516
59 Fund Balances, July 1	786,487		786,487	786,487		112,971		112,971	112,971	
Fund Balances, June 30	<u>\$786,487</u>	<u>(48,508)</u>	<u>737,979</u>	<u>1,032,351</u>	<u>294,372</u>	<u>112,971</u>	<u>-</u>	<u>112,971</u>	<u>786,487</u>	<u>673,516</u>

RECAPITULATION OF FUND BALANCE:

Restricted:	
Excess Surplus	\$60,408
Capital Reserve	192,739
Maintenance Reserve	100,000
Tuition Reserve	100,000
Excess Surplus Designated for Subsequent Year's Expenditures	263,137
Assigned to:	
Designated for Subsequent Year's Expenditures	62,587
Unassigned Fund Balance	<u>253,480</u>
Subtotal	1,032,351
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(255,907)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$776,444</u>

**BEVERLY CITY BOARD OF EDUCATION
AMERICAN RECOVERY AND REINVESTMENT ACT -
BUDGET AND ACTUAL
FOR FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

ACCOUNT NUMBERS	JUNE 30, 2011			POSITIVE/ (NEGATIVE)	JUNE 30, 2010			POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	TRANSFERS BUDGET	FINAL BUDGET ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	TRANSFERS BUDGET	FINAL BUDGET ACTUAL	FINAL TO ACTUAL
Revenues:								
Federal Sources:								
ARRA - Education Stabilization Fund	\$ -				345,384		345,384	345,384
ARRA - Government Services Fund					13,370		13,370	13,370
Total Federal Services					358,754		358,754	358,754
Total Revenues					358,754		358,754	358,754
Expenditures:								
Education Stabilization Fund								
Instruction - Regular Programs:								
Salaries of Teachers:								
Grades 1 - 5	16-120-100-101				57,131		57,131	57,131
Grades 6 - 8	16-130-100-101				75,005		75,005	75,005
Health Services:								
Salaries	16-000-213-104				9,010		9,010	9,010
Other Support Services - Students - Related Services:								
Purchased Professional -								
Educational Services	16-000-216-320				19,674		19,674	19,674
Other Support Services - Students - Special Services:								
Salaries of Other Professional								
Staff	16-000-219-104				93,679		93,679	93,679
Salaries of Secretarial &								
Clerical Assistants	16-000-219-105				16,080		16,080	16,080

**BEVERLY CITY BOARD OF EDUCATION
AMERICAN RECOVERY AND REINVESTMENT ACT -
BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2011**

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ACCOUNT NUMBERS	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Improvement of Instruction Services/Other										
Support Services - Instruction Staff:										
Salaries of Supervisor of										
Instruction	16-000-221-102							62,450	62,450	62,450
Central Services:										
Salaries										
Purchased Professional &	16-000-251-100							10,000	10,000	10,000
Technical Services	16-000-251-340							2,355	2,355	2,355
Total Education Stabilization Fund								345,384	345,384	345,384
Government Services Fund										
Instruction - Regular Programs:										
Salaries of Teachers:										
Kindergarten	17-110-100-101							13,370	13,370	13,370
Total Government Services Fund								13,370	13,370	13,370
Total Expenditures								358,754	358,754	358,754
Excess/(Deficiency) of Revenues Over/(Under)										
Expenditures After Other Financing Sources/(Uses)										
Fund Balances, July 1										
Fund Balances, June 30										
\$ - - - - -										

**LOGAN TOWNSHIP BOARD OF EDUCATION
 EDUCATION JOBS FUND PROGRAM -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

REVENUES	ACCOUNT NUMBERS	JUNE 30, 2011			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET ACTUAL		
Federal Sources		\$ -	123,959	123,959	123,959	-
Total Revenues			123,959	123,959	123,959	-
EXPENDITURES:						
Education Jobs Fund Program:						
Unallocated Benefits:						
Health Benefits	18-000-291-270		123,959	123,959	123,959	-
Total Unallocated Benefits			123,959	123,959	123,959	-
Total Expenditures			123,959	123,959	123,959	-
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures & Other Financing Sources/(Uses)						
		\$ -	-	-	-	-

**BEVERLY CITY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES										
State Sources	\$234,464	5,688	240,152	240,152		\$163,490	26,975	190,465	190,465	
Federal Sources	165,000	125,572	290,572	290,572		218,850	233,412	452,262	452,262	
Total Revenues	399,464	131,260	530,724	530,724		382,340	260,387	642,727	642,727	
EXPENDITURES:										
Instruction:										
Salaries of Teachers	287,610	22,309	309,919	309,919		225,905	21,542	247,447	247,447	
Other Salaries for Instruction						27,830	(770)	27,060	27,060	
Other Purchased Services (400-500 Series)							20,818	20,818	20,818	
General Supplies	10,000	(1,041)	8,959	8,959		17,130	(5,804)	11,326	11,326	
Tuition	80,000	50,297	130,297	130,297		99,000	20,686	119,686	119,686	
Total Instruction	377,610	71,565	449,175	449,175		369,865	56,472	426,337	426,337	
Support Services:										
Salaries of Supervisors of Instruction		26,904	26,904	26,904		11,975	6,175	18,150	18,150	
Salaries of Other Professional Staff							102,745	102,745	102,745	
Personal Services - Employee Benefits	21,854	(15,326)	6,528	6,528			48,578	48,578	48,578	
Purchased Professional - Technical Services		45,108	45,108	45,108			32,674	32,674	32,674	
Other Purchased Professional Services							8,829	8,829	8,829	
Other Purchased Services		761	761	761		500	2,250	2,750	2,750	
General Supplies		2,248	2,248	2,248			2,664	2,664	2,664	
Total Support Services	21,854	59,695	81,549	81,549		12,475	203,915	216,390	216,390	
Total Expenditures	399,464	131,260	530,724	530,724		382,340	260,387	642,727	642,727	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	-	-	-	-		-	-	-	-	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

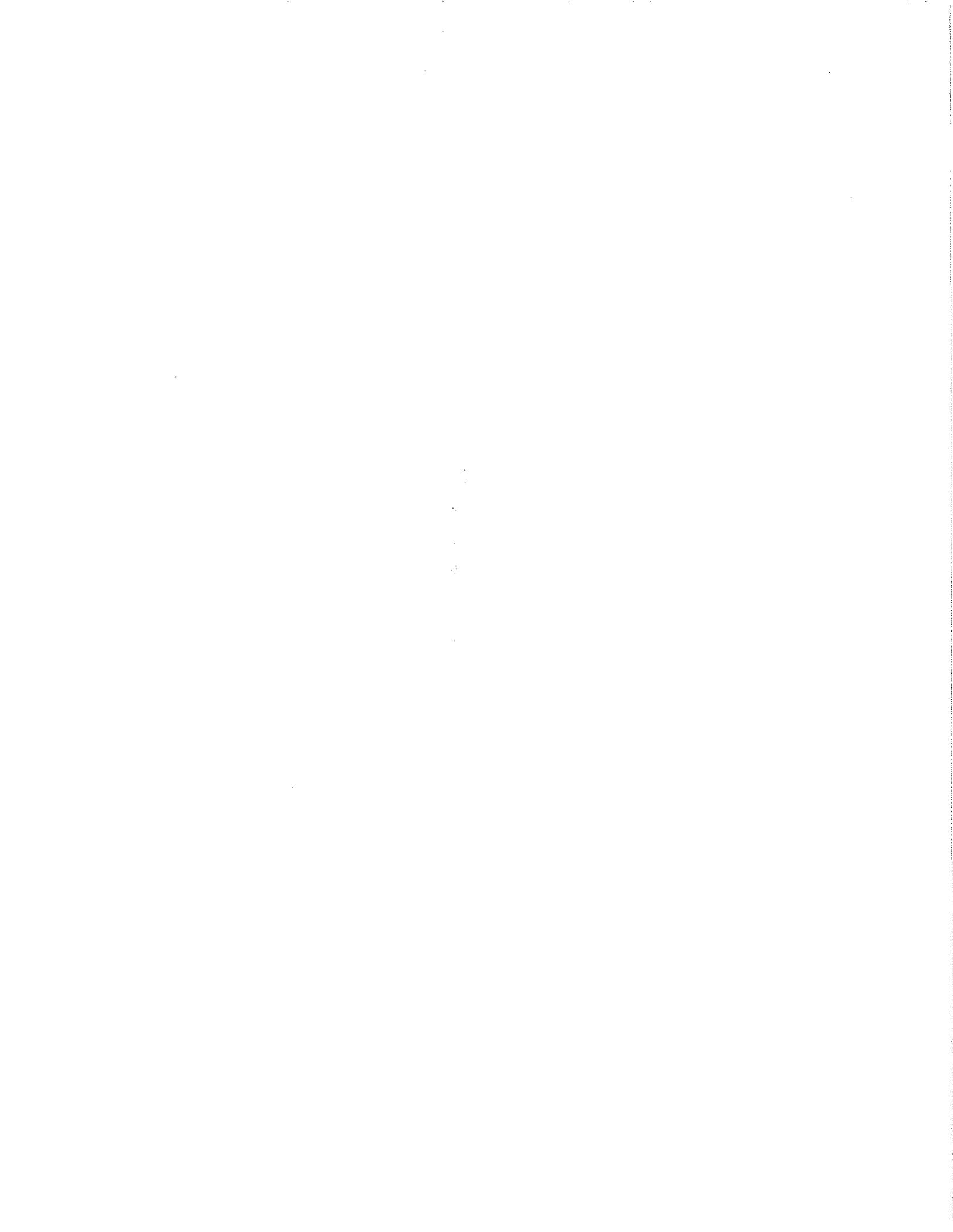
**BEVERLY CITY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$6,536,116	530,724
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	310,042	16,349
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	<u>(255,907)</u>	<u>(23,446)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$6,590,251</u>	<u>523,627</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$6,259,768</u>	<u>530,724</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$6,259,768</u>	<u>530,724</u>

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.

OTHER SUPPLEMENTARY INFORMATION



D. School Based Budget Schedules

Not Applicable



E. Special Revenue Fund



**BEVERLY CITY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	IMPROVING AMERICA'S SCHOOLS ACT			YOUTH LITERACY	DRUG FREE TEACH GRANT
	TITLE I PART A	ARRA TITLE I	TITLE II PART D		
Revenues:					
Federal Sources	\$117,773	12,027	460		
State Sources				2,137	3,550
Total Revenues	\$117,773	12,027	460	2,137	3,550
Expenditures:					
Instruction:					
Salaries of Teachers	\$67,068	11,964			2,700
Other Salaries for Instruction					
Purchased Professional & Educational Services					
Other Purchased Services					
General Supplies	5,731	63			304
Tuition					
Total Instruction	72,799	12,027			3,004
Support Services:					
Salaries of Other Professional Staff					
Salaries of Supervisors of Instruction					
Personal Services - Employee Benefits					
Purchased Professional - Technical Services	44,648		460		
Other Purchased Professional Services					
Other Purchased Services	215				546
General Supplies	111			2,137	
Total Support Services	44,974		460	2,137	546
Total Expenditures	\$117,773	12,027	460	2,137	3,550

**BEVERLY CITY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	I.D.E.A. PART B BASIC	I.D.E.A. PART B PRESCHOOL	ARRA I.D.E.A. PART B BASIC	PRESCHOOL EDUCATION AID	2011	2010
Revenues:						
Federal Sources	\$109,773	2,780	47,759		290,572	452,262
State Sources				234,465	240,152	190,465
Total Revenues	\$109,773	2,780	47,759	234,465	530,724	642,727
Expenditures:						
Instruction:						
Salaries of Teachers				228,187	309,919	247,447
Other Salaries for Instruction						27,060
Purchased Professional & Educational Services						15,269
Other Purchased Services						5,549
General Supplies				2,861	8,959	11,326
Tuition	\$109,773	2,780	17,744		130,297	119,686
Total Instruction	109,773	2,780	17,744	231,048	449,175	426,337
Support Services:						
Salaries of Other Professional Staff			26,904		26,904	18,150
Salaries of Supervisors of Instruction						102,745
Personal Services - Employee Benefits			3,111	3,417	6,528	48,578
Purchased Professional - Technical Services					45,108	32,674
Other Purchased Professional Services						8,829
Other Purchased Services					761	2,750
General Supplies					2,248	2,664
Total Support Services			30,015	3,417	81,549	216,390
Total Expenditures	\$109,773	2,780	47,759	234,465	530,724	642,727

**BEVERLY CITY BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
STATEMENT OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	2011		VARIANCE
	BUDGETED	ACTUAL	
Expenditures:			
Instruction:			
Salaries of Teachers	\$228,187	228,187	
General Supplies	2,861	2,861	
Total Instruction	<u>231,048</u>	<u>231,048</u>	
Support Services:			
Personal Services - Employee Benefits	3,417	3,417	
Total Support Services	<u>3,417</u>	<u>3,417</u>	
Total Expenditures	<u><u>\$234,465</u></u>	<u><u>\$234,465</u></u>	-

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2010-2011 Preschool Education Aid Allocation	\$234,465
Add: Actual ECPA Carryover June 30, 2010	<u> </u>
Total Preschool Education Aid Funds Available for 2010-2011 Budget	234,465
Less: 2010-2011 Budgeted Preschool Education Aid (Prior Year Budget Carryover)	<u>(234,465)</u>
Available & Unbudgeted Preschool Education Aid Funds June 30, 2011	
Add: June 30, 2011 Unexpended Preschool Education Aid	<u> </u>
Total Actual Preschool Education Aid Carryover	<u><u> </u></u>
2010-2011 Preschool Education Aid Carryover Budgeted in 2011-2012	<u><u> </u></u>



F. Capital Projects Fund

Not Applicable

G. Proprietary Funds

Enterprise Funds

**BEVERLY CITY BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE	2011	2010
Current Assets:			
Cash & Cash Equivalents	\$7,444	7,444	3,149
Accounts Receivable:			
State	38	38	153
Federal	2,756	2,756	3,339
Inventories	4,261	4,261	6,137
Total Current Assets	<u>14,499</u>	<u>14,499</u>	<u>12,778</u>
Noncurrent assets:			
Furniture, Machinery & Equipment	45,625	45,625	45,625
Less: Accumulated Depreciation	<u>(30,244)</u>	<u>(30,244)</u>	<u>(27,081)</u>
Total Noncurrent Assets	<u>15,381</u>	<u>15,381</u>	<u>18,544</u>
Total Assets	<u>29,880</u>	<u>29,880</u>	<u>31,322</u>
 LIABILITIES			
Interfund Payable			<u>30,484</u>
Total Liabilities			<u>30,484</u>
 NET ASSETS			
Investments in Capital Assets	15,381	15,381	18,544
Unrestricted	<u>14,499</u>	<u>14,499</u>	<u>(17,706)</u>
Total Net Assets	<u>\$29,880</u>	<u>29,880</u>	<u>838</u>

**BEVERLY CITY BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
AS OF JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

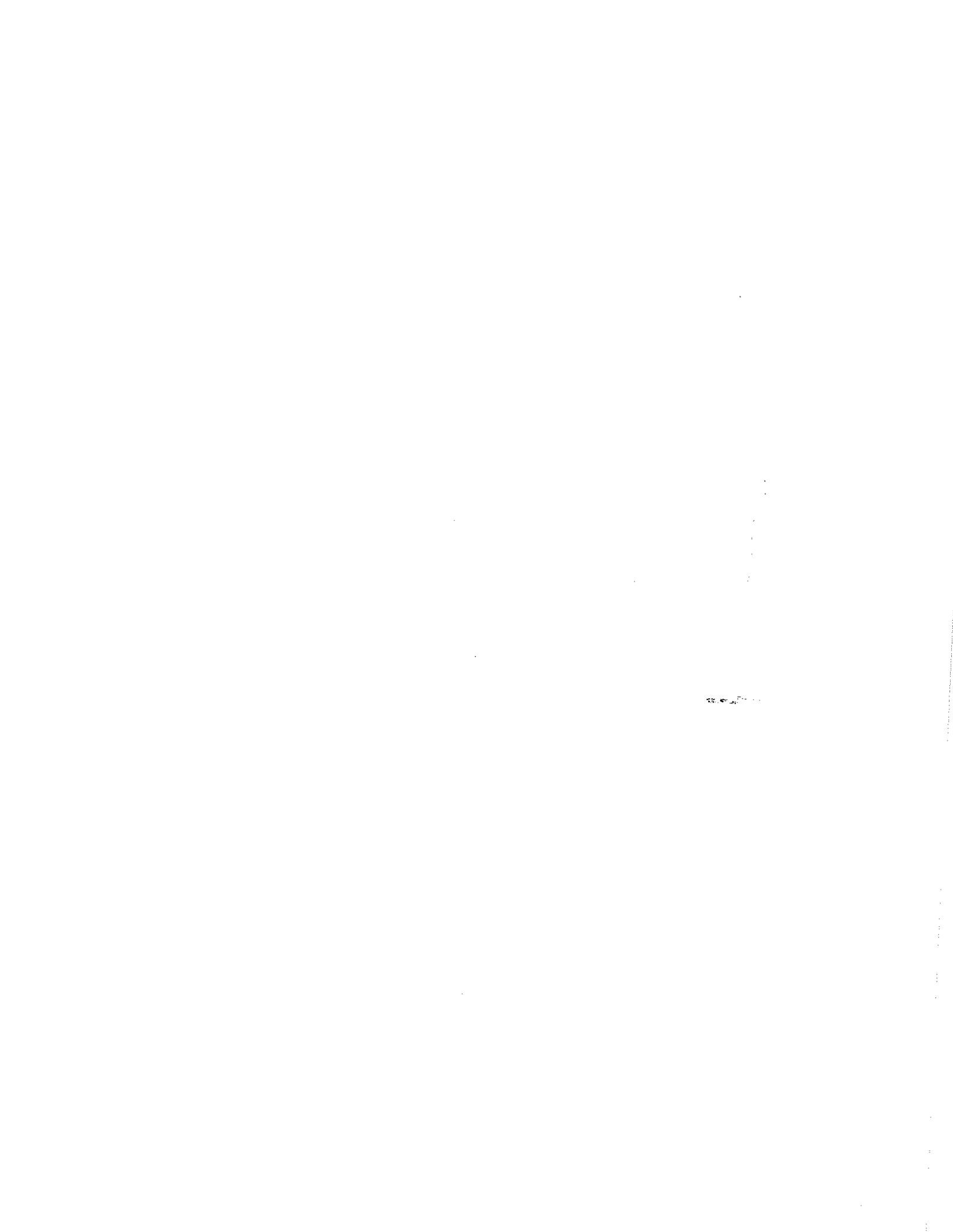
	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2011	2010
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$18,122	18,122	13,320
School Breakfast Program	1,508	1,508	1,084
Daily Sales - Nonreimbursable Programs:			
Adult & Ala Carte	8,557	8,557	8,009
Special Functions	266	266	75
Total Operating Revenues	<u>28,453</u>	<u>28,453</u>	<u>22,488</u>
Operating Expenses:			
Salaries	38,185	38,185	41,154
Benefits & Payroll Taxes	7,142	7,142	7,651
Management Fee	10,000	10,000	10,000
Supplies & Materials	8,476	8,476	7,684
Depreciation	3,163	3,163	2,650
Cost of Sales	46,089	46,089	32,748
Total Operating Expenses	<u>113,055</u>	<u>113,055</u>	<u>101,887</u>
Operating Income/(Loss)	<u>(84,602)</u>	<u>(84,602)</u>	<u>(79,399)</u>
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	1,334	1,334	2,105
State School Breakfast Program			861
Federal Sources:			
National School Lunch Program	56,588	56,588	51,124
National School Breakfast Program	15,922	15,922	13,857
Food Service Grant			5,130
Food Distribution Program	9,316	9,316	7,160
Total Nonoperating Revenues/(Expenses)	<u>83,160</u>	<u>83,160</u>	<u>80,237</u>
Net Income/(Loss) Before Other Financing Sources/(U):	<u>(1,442)</u>	<u>(1,442)</u>	<u>838</u>
Other Financing Sources/(Uses):			
Board Contribution	30,484	30,484	49,575
Total Other Financing Sources/(Uses)	<u>30,484</u>	<u>30,484</u>	<u>49,575</u>
Net Income/(Loss)	29,042	29,042	50,413
Total Net Assets - Beginning	<u>838</u>	<u>838</u>	<u>(49,575)</u>
Total Net Assets - Ending	<u>\$29,880</u>	<u>29,880</u>	<u>838</u>

**BEVERLY CITY BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2011	2010
Cash Flows From Operating Activities:			
Receipts from Customers	\$29,151	29,151	22,983
Payments to Employees	(45,327)	(45,327)	(48,805)
Payments to Suppliers	(93,173)	(93,173)	(104,841)
	<u>(109,349)</u>	<u>(109,349)</u>	<u>(130,663)</u>
Net Cash Provided/(Used) by Operating Activities			
Cash Flows From Capital Financing Activities:			
Purchase of Capital Assets			(5,130)
			<u>(5,130)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities			
			<u>(5,130)</u>
Cash Flows From Noncapital Financing Activities:			
State Sources	1,334	1,334	2,966
Federal Sources	81,826	81,826	77,270
Board Contribution	30,484	30,484	49,575
	<u>113,644</u>	<u>113,644</u>	<u>129,811</u>
Net Cash Provided/(Used) by Noncapital Financing Activities			
	<u>113,644</u>	<u>113,644</u>	<u>129,811</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	4,295	4,295	(5,982)
Balances - Beginning of Year	3,149	3,149	9,131
	<u>3,149</u>	<u>3,149</u>	<u>9,131</u>
Balances - End of Year	<u>\$7,444</u>	<u>7,444</u>	<u>3,149</u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	(\$84,602)	(84,602)	(79,399)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Depreciation & Net Amortization	3,163	3,163	2,650
(Increase)/Decrease in Receivables	698	698	495
(Increase)/Decrease in Inventories	1,876	1,876	(3,404)
Increase/(Decrease) in Accounts Payable	(30,484)	(30,484)	(51,005)
	<u>(24,747)</u>	<u>(24,747)</u>	<u>(51,264)</u>
Total Adjustments			
	<u>(24,747)</u>	<u>(24,747)</u>	<u>(51,264)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(\$109,349)</u>	<u>(109,349)</u>	<u>(130,663)</u>



Internal Service Fund

Not Applicable



H. Fiduciary Fund

**BEVERLY CITY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

ASSETS	AGENCY		2011	2010
	STUDENT ACTIVITY	PAYROLL		
Cash & Cash Equivalents	\$5,575	26,310	31,885	15,067
Total Assets	5,575	26,310	31,885	15,067
LIABILITIES				
Payroll Deductions & Withholdings		7,323	7,323	5,772
Due to General Fund		18,987	18,987	3,410
Due to Student Groups	5,575		5,575	5,885
Total Liabilities	5,575	26,310	31,885	15,067
Total Net Assets	-	-	-	-

EXHIBIT H-3

**BEVERLY CITY BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	BALANCE JULY 1, 2010	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2011
Elementary School	\$5,885	14,474	14,784	5,575
Total Student Activity	\$5,885	14,474	14,784	5,575

EXHIBIT H-4

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

	BALANCE JULY 1, 2010	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2011
ASSETS				
Cash & Cash Equivalents	\$9,182	2,811,506	2,794,378	26,310
Total Assets	\$9,182	2,811,506	2,794,378	26,310
LIABILITIES				
Payroll Deductions & Withholdings	\$5,772	1,110,592	1,109,041	7,323
Due to General Fund	3,410	15,577		18,987
Net Payroll		1,685,337	1,685,337	
Total Liabilities	\$9,182	2,811,506	2,794,378	26,310

I. Long-Term Debt

**BEVERLY CITY BOARD OF EDUCATION
LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2011**

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PURPOSE	DATE OF ISSUE	TERM OF LEASE	AMOUNT OF ORIGINAL ISSUE		INTEREST RATE	AMOUNT OUTSTANDING	ADJUSTMENT	RETIRED	AMOUNT OUTSTANDING
			PRINCIPAL	INTEREST		JUNE 30, 2010		CURRENT YEAR	JUNE 30, 2011
Textbooks & Equipment	6/27/2005	5 Years	\$171,500	\$25,048	4.70%	\$35,836		35,836	
				Total		\$35,836	-	35,836	

STATISTICAL SECTION (Unaudited)

BEVERLY CITY SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,						
	2011	2010	2009	2008	2007	2006	2005
Governmental Activities:							
Invested in Capital Assets, Net of Related Debt	\$181,349	103,474	102,979	166,521	388,868	285,838	518,912
Restricted	655,876	210,763	10,696	10,609	10,350	10,350	10,350
Unrestricted	4,667	147,166	(242,676)	(1,017,637)	(1,156,592)	(593,589)	(501,060)
Total Governmental Activities Net Assets	\$841,892	461,403	(129,001)	(840,507)	(757,374)	(297,401)	28,202
Business-Type Activities:							
Invested in Capital Assets, Net of Related Debt	\$15,381	18,544	16,063	18,713	17,907	19,791	21,675
Unrestricted	14,499	(17,706)	(65,638)	(69,043)	(63,679)	(65,256)	(35,584)
Total Business-Type Activities Net Assets	\$29,880	838	(49,575)	(50,330)	(45,772)	(45,465)	(13,909)
District-Wide:							
Invested in Capital Assets, Net of Related Debt	\$196,730	122,018	119,042	185,234	406,775	305,629	540,587
Restricted	655,876	210,763	10,696	10,609	10,350	10,350	10,350
Unrestricted	19,166	129,460	(308,314)	(1,086,680)	(1,220,271)	(658,845)	(536,644)
Total District Net Assets	\$871,772	462,241	(178,576)	(890,837)	(803,146)	(342,866)	14,293

**BEVERLY CITY SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST SEVEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,						
	2011	2010	2009	2008	2007	2006	2005
Expenses:							
Governmental Activities							
Instruction:							
Regular	\$1,553,740	1,611,968	1,518,896	1,767,239	1,564,282	1,560,126	1,553,351
Special Education	249,354	208,416	218,471	207,807	214,192	198,392	186,491
Other Special Education	92,726	29,099	36,374	37,023	55,303	41,611	12,411
Other Instruction							19,103
Support Services:							
Undistributed - Tuition	2,197,628	1,886,190	1,929,570	2,171,736	2,574,059	2,213,994	2,871,610
Health Services	98,116	59,108	90,194	84,443	51,384	47,476	
Other Support Services	474,944	808,794	694,111	645,670	631,744	734,984	230,417
Educational Media Services	1,665	3,734	11,416	1,985	42,537	75,282	
Instruction Staff Training	3,763	709	2,551	4,007	1,937		90,221
General Administrative Services	233,855	221,242	249,526	280,823	240,494	183,587	234,899
School Administrative Services	42,666	25,086	14,541	81,612	70,827	44,967	40,458
Central Services	157,763	165,024	113,687	121,274	157,170	95,144	56,622
Technology							15,793
Allowed Maintenance for							
School Facilities				432,920	44,123	55,686	
Plant Operations & Maintenance	324,809	460,145	343,395	525,314	418,365	401,334	424,680
Student Transportation	395,827	411,899	474,261	402,318	478,535	508,960	488,117
Unallocated Benefits	842,065	742,468	742,582		509,296	513,231	715,196
Capital Assets Adjustment to Appraised Value				259,873			
Nonbudgeted Expenditures	33,984	9,240	(4,008)	63,193	371,115	234,015	
Total Governmental Activities Expenses	6,702,905	6,643,122	6,435,567	7,087,237	7,425,363	6,908,789	6,939,369
Business-Type Activities:							
Food Service	113,055	101,887	106,809	140,709	119,422	146,784	171,733
Total Business-Type Activities Expense	113,055	101,887	106,809	140,709	119,422	146,784	171,733
Total District Expenses	\$6,815,960	6,745,009	6,542,376	7,227,946	7,544,785	7,055,573	7,111,102

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**BEVERLY CITY SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST SEVEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,						
	2011	2010	2009	2008	2007	2006	2005
Program Revenues:							
Governmental Activities:							
Charges for Services:							
Operating Grants & Contributions	\$757,269	886,367	725,292	1,041,565			861,201
Total Governmental Activities							
Program Revenues	757,269	886,367	725,292	1,041,565			861,201
Business-Type Activities:							
Charges for Services:							
Food Service	28,453	22,488	25,042	36,509	40,743	38,819	43,734
Operating Grants & Contributions	83,160	80,237	82,522	72,310	78,372	76,409	89,226
Total Business Type Activities							
Program Revenues	111,613	102,725	107,564	108,819	119,115	115,228	132,960
Total District Program Revenues	\$868,882	989,092	832,856	1,150,384	119,115	115,228	994,161
Net (Expense)/Revenue:							
Governmental Activities	(\$5,945,636)	(5,756,755)	(5,710,275)	(6,045,672)	(7,425,363)	(6,908,789)	(6,078,168)
Business-Type Activities	(1,442)	838	755	(31,890)	(307)	(31,556)	(38,773)
Total District-Wide Net Expense	(\$5,947,078)	(5,755,917)	(5,709,520)	(6,077,562)	(7,425,670)	(6,940,345)	(6,116,941)

**BEVERLY CITY SCHOOL DISTRICT
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST SEVEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,						
	2011	2010	2009	2008	2007	2006	2005
General Revenues & Other Changes in Net Assets:							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$2,699,728	2,702,584	2,652,124	2,550,119	2,504,759	2,295,831	2,115,604
Unrestricted Grants & Contributions Federal & State Aid Restricted	3,623,288	3,675,279	3,704,989	3,411,709	3,251,285	3,210,210	3,481,567
Investment Earnings			5,810	12,128	15,141	815,632	
Miscellaneous Income	33,593	18,871	42,413	27,978	73,743	16,143	22,174
Transfers	(30,484)	(49,575)		(27,332)		11,355	
Cancellation of Prior Year Accounts Receivable			16,445	(44,775)			
Total Governmental Activities	6,326,125	6,347,159	6,421,781	5,929,827	6,594,275	6,349,171	5,619,345
Business-Type Activities:							
Investment Earnings							261
Miscellaneous Income Transfers	30,484	49,575		27,332			
Total Business-Type Activities	30,484	49,575		27,332			261
Total District-Wide	\$6,356,609	6,396,734	6,421,781	5,957,159	6,594,275	6,349,171	5,619,606
Change in Net Assets:							
Governmental Activities	\$380,489	590,404	711,506	(115,845)	(831,088)	(559,618)	(458,823)
Business-Type Activities	29,042	50,413	755	(4,558)	(307)	(31,556)	(38,512)
Total District	\$409,531	640,817	712,261	(120,403)	(831,395)	(591,174)	(497,335)

BEVERLY CITY SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,						
	2011	2010	2009	2008	2007	2006	2005
General Fund:							
Reserved	\$716,284	210,763	10,696	10,609	10,350	10,350	10,350
Unreserved	60,160	265,682	(114,541)	(747,555)	(903,527)	(437,876)	(356,535)
Total General Fund	\$776,444	476,445	(103,845)	(736,946)	(893,177)	(427,526)	(346,185)
All Other Governmental Funds:							
Unreserved, Reported in:							
Special Revenue Fund	(\$23,446)	(16,349)			(13,525)	(18,537)	(17,122)
Total All Other Governmental Funds	(\$23,446)	(16,349)	-	-	(13,525)	(18,537)	(17,122)

Source: School District Financial Reports

**BEVERLY CITY SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GENERAL FUND,
LAST SEVEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2011	2010	2009	2008	2007	2006	2005
Revenues							
Tax Levy	\$2,699,728	2,702,584	2,652,124	2,550,119	2,504,759	2,295,831	2,115,604
Jointures			7,644	8,915	10,287		6,216
Tuition Charges					8,654	8,643	1,700
Interest Earnings			5,810	12,128	15,141	16,143	
Miscellaneous	33,593	18,871	33,269	19,063	54,802	174,212	13,284
State Sources	3,731,286	3,570,240	3,943,097	3,766,000	4,037,848	3,439,461	3,480,114
Federal Sources	125,644	365,028	8,862	3,444	333,899	4,764	1,453
Total Revenue	6,590,251	6,656,723	6,650,806	6,359,669	6,965,390	5,939,054	5,618,371
Expenditures							
Instruction:							
Regular Instruction	1,104,565	1,185,631	1,110,851	1,249,835	1,166,750	1,125,854	1,078,076
Special Education Instruction	249,354	208,416	218,471	207,807	214,192	198,392	186,491
Other Special Instruction	92,726	29,099	36,374	37,023	55,303	41,611	31,514
Support Services:							
Instruction	2,197,628	1,886,190	1,929,570	2,171,736	2,574,059	2,213,994	2,474,703
Health Services	98,116	59,108	90,194	84,443	51,384	47,476	
Other Support Services	393,395	592,404	584,813	477,969	322,237	352,209	230,417
Educational Media Services	1,665	3,734	11,416	1,985	42,537	75,282	
Instructional Staff Training	3,763	709	2,551	4,007	1,937		90,221
General Administrative Services	269,691	255,470	288,153	280,823	240,494	183,587	234,899
School Administrative Services	42,666	25,086	14,541	81,612	70,827	44,967	40,458
Central Services	159,307	166,499	110,668	121,274	157,170	95,144	56,622
Technology							15,793
Allowed Maintenance Facilities	287,288	360,401	343,395	432,920	44,123	55,686	
Plant Operations & Maintenance	395,827	411,899	474,261	525,314	359,499	339,760	359,160
Student Transportation Services	842,065	742,468	742,582	403,354	478,535	508,960	488,117
Unallocated Employee Benefits					516,032	503,458	474,924
Nonbudgeted Expenditures	121,712	99,744	76,310	51,229	209,863	234,015	220,155
Capital Outlay					15,500		35,143
Total Expenditures	6,259,768	6,026,858	6,034,150	6,131,331	6,520,442	6,020,395	6,016,693

**BEVERLY CITY SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GENERAL FUND,
LAST SEVEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2011	2010	2009	2008	2007	2006	2005
Excess (Deficiency) of Revenues Over/(Under) Expenditures	330,483	629,865	616,656	228,338	444,948	(81,341)	(398,322)
Other Financing Sources/(Uses):							
Cancellation of Prior Year Receivables							(17,167)
Transfer Out	(30,484)	(49,575)		(27,332)			
Cancellation of Prior Year Accounts Receivable			16,445	(44,775)			
Total Other Financing Sources/(Uses)	(30,484)	(49,575)	16,445	(72,107)			(17,167)
Net Change in Fund Balances	\$299,999	580,290	633,101	156,231	444,948	(81,341)	(415,489)

Source: District records

BEVERLY CITY SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST SEVEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION	TRANSPORTATION		TOTAL
			FEES	MISCELLANEOUS	
2011	\$4,360			29,233	33,593
2010	1,619			17,252	18,871
2009	5,810		7,644	33,269	46,723
2008	12,128		8,915	19,063	40,106
2007	15,141	8,654	10,287	54,802	88,884
2006	16,143		8,643	174,212	198,998
2005	8,517	1,700	6,216	4,767	21,200
Total	\$63,718	10,354	41,705	332,598	448,375

Source: District records

**BEVERLY CITY SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST SIX FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2010	\$851,300	76,204,300	4,128,100	1,932,700	800,400	83,916,800	96,041	84,012,841	3.215	149,985,344
2009	960,300	75,849,800	4,268,200	1,932,700	800,400	83,811,400	177,817	83,989,217	3.191	154,948,050
2008	906,100	75,458,000	4,436,900	2,130,200	400,000	83,331,200	90,800	83,422,000	3.103	151,158,917
2007	709,500	75,064,400	4,595,300	2,130,200	800,400	83,299,800	95,244	83,395,044	3.031	135,328,369
2006	661,100	74,892,500	4,544,800	1,954,100	800,400	82,852,900	103,532	82,956,432	2.894	119,496,353
2005	621,500	75,056,900	4,534,800	1,954,100	797,400	82,964,700	132,506	83,097,206	2.654	105,506,252

EXHIBIT J-7

**BEVERLY CITY SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST FIVE FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE LOCAL SCHOOL	OVERLAPPING RATES				FIRE DISTRICT	TOTAL DIRECT AND OVERLAPPING TAX RATE
		CITY OF BEVERLY	BURLINGTON COUNTY	COUNTY OPEN SPACE			
2010	3.215	1.542	0.731	0.077	0.159	5.724	
2009	3.191	1.444	0.706	0.075	0.159	5.575	
2008	3.103	1.422	0.629	0.072	0.159	5.385	
2007	3.031	1.437	0.617	0.065	0.160	5.310	
2006	2.894	1.433	0.578	0.058	0.161	5.124	
2005	2.654	1.423	0.530	0.051	0.161	4.819	

Source: Municipal Tax Collector

EXHIBIT J-8

**PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

NOT AVAILABLE

**BEVERLY CITY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST SEVEN FISCAL YEARS**

YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		CURRENT TAX COLLECTIONS	PERCENTAGE OF LEVY
2011	\$2,699,728	2,699,728	100.00%
2010	2,702,584	2,702,584	100.00%
2009	2,652,124	2,652,124	100.00%
2008	2,550,119	2,550,119	100.00%
2007	2,504,756	2,504,756	100.00%
2006	2,295,831	2,295,831	100.00%
2005	2,115,604	2,115,604	100.00%

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	BUSINESS- TYPE ACTIVITIES	TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	CAPITAL LEASES			
2011	-	-	-	-
2010	35,836	35,836	-	-
2009	70,064	70,064	-	-
2008	102,755	102,755	-	-
2007	140,367	140,367	-	-
2006	171,500	171,500	-	-

**BEVERLY CITY SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

THE DISTRICT HAS NO DEBT OUTSTANDING

**BEVERLY CITY SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes: County of Burlington	\$395,252,496	0.295%	<u>\$1,165,995</u>
Subtotal, Overlapping Debt			<u>1,165,995</u>
Total Direct & Overlapping Debt			<u><u>\$1,165,995</u></u>

Sources: Burlington County 2008 Abstract of Ratables, Beverly City, County of Burlington

**BEVERLY CITY SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR							
	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	\$5,819,635	5,843,601	5,843,601	5,363,873	4,779,245	4,264,755	3,890,811	3,655,492
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-
Legal Debt Margin	\$5,819,635	5,843,601	5,843,601	5,363,873	4,779,245	4,264,755	3,890,811	3,655,492
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit								

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis
	2010 \$149,985,344
	2009 151,158,917
	2008 135,328,369
	<u>\$436,472,630</u>
Average Equalized Valuation of Taxable Property	<u>\$145,490,877</u>
Debt Limit (4 % of Average Equalization Value)	5,819,635
Net Bonded School Debt	-
Legal Debt Margin	<u>\$5,819,635</u>

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

**BEVERLY CITY SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	BURLINGTON COUNTY	
		PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2010	N/A	N/A	N/A
2009	2,572	N/A	19.10%
2008	2,569	46,564	NA
2007	2,590	45,463	NA
2006	2,651	43,551	9.50%
2005	2,670	40,520	4.10%
2004	2,684	38,575	8.70%
2003	2,679	36,908	7.60%
2002	2,675	36,314	8.40%
2001	2,657	36,019	8.30%

Source:

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

^b Personal income estimated

^c Per Capita information provided by the US Department of Commerce, Bureau of Economic Analysis

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

**COUNTY OF BURLINGTON
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

INFORMATION NOT AVAILABLE

**BEVERLY CITY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS**

Function/Program	2011	2010	2009	2008	2007	2006
Instruction:						
Regular	14	14	15	15	13	16
Special Education	7	7	7	7	5	5
Other Instruction	4	4	5	5	5	5
Support Services:						
Student & Instruction Related Services	11	11	5	7	5	5
School Administrative Services	3	3	2	2	1	1
General Administrative Services	3	3	2	2	1	1
Plant Operations & Maintenance	2	2	2	2	1	1
Business & Other Support Services	5	5	3	2		
Total	49	49	41	42	31	34

Source: District Personnel Records

**BEVERLY CITY SCHOOL DISTRICT
OPERATING STATISTICS
LAST SEVEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO ELEMENTARY	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2011	298	\$6,668,780	22,378	-24.04%	25	12/1	251.6	215.4	14.7%	85.61%
2010	237	6,569,841	27,721	-3.98%	25	9.5/1	227.8	213.5	3.2%	93.72%
2009	219	6,437,662	29,396	2.89%	23	10/1	221.1	207.4	-1.1%	93.80%
2008	220	6,750,407	30,684	-7.20%	22	10/1	220.1	201.9	-1.6%	91.73%
2007	223	6,569,841	29,461	27.00%	24	10/1	223.5	209.0	-18.8%	93.51%
2006	271	7,055,573	26,035	5.81%	26	9.6/1	271.2	253.6	-6.8%	93.51%
2005	289	7,111,102	24,606		26	11/1	289.2	265.2	-6.4%	91.70%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

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

**BEVERLY CITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2010	2010	2009	2008	2007	2006	2005	2004	2003	2002
Elementary School:										
Square Feet	30,354	30,354	30,354	30,354	30,354	30,354	30,354	30,354	30,354	30,354
Capacity (Students)	286	286	286	286	286	286	286	286	286	286
Enrollment	298	234	219	220	223	271	289	NA	NA	NA

Number of Schools at June 30, 2011:

 Elementary = 1

Source: District Facilities Office

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

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**BEVERLY CITY SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

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	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	TOTAL
Elementary School	\$51,374	45,160	25,945	31,954	44,123	55,686	41,500	53,509	49,865	40,313	439,429
Total School Facilities	\$51,374	45,160	25,945	31,954	44,123	55,686	41,500	53,509	49,865	40,313	439,429

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

Source: District records

**BEVERLY CITY SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011**

	COVERAGE
Commercial Package Policy - SAIF	
Building, Contents, Extra Expense Valuable Papers	\$5,200,000
	(Blanket Aggregate)
Liability (General & Auto)	5,000,000
Automobile Liability	5,000,000
Crime	100,000
Student Accident - SAIF	1,000,000
School Board Legal Liability - SAIF	5,000,000
Workers Compensation - SAIF	Statutory Plus Supplement
Public Official Bonds - Selective Insurance Company:	
Treasurer of School Monies	200,000
Board Secretary/Business Administrator	175,000

Source: District records

SINGLE AUDIT SECTION



Certified Public Accountants & Consultants

EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Beverly City School District
County of Burlington
Beverly, New Jersey 08010

We have audited the financial statements of the Beverly City School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated October 7, 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 Beverly City School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of the 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 the 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

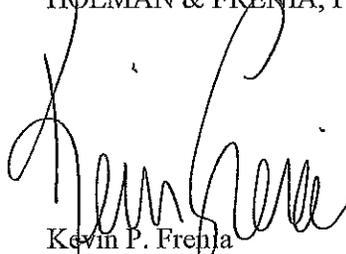
As part of obtaining reasonable assurance about whether the Beverly City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other

matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of the audit committee, management, the Beverly City School District, 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.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'Kevin P. Frenia', is written over the printed name.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant
No. 1011

Medford, New Jersey
October 7, 2011



Certified Public Accountants & Consultants

EXHIBIT K-2

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

Honorable President and Members of the Board of Education Beverly City School District County of Burlington Beverly, New Jersey 08010

Compliance

We have audited the compliance of Beverly City School District, in the County of Burlington, 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 Grants Compliance Supplement that could have a direct and material effect to each of its major state programs for the fiscal year ended June 30, 2011. The Beverly City School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Beverly City School District's management. Our responsibility is to express an opinion on Beverly City School District's compliance based on our audit.

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

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

Internal Control Over Compliance

The management of the Board of Education of the Beverly City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Beverly City School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Beverly City School District's internal control over compliance.

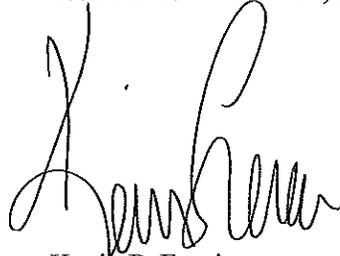
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the 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 for the information of the management of the Board of Education of the Beverly City School District, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia
Certified Public Accountant
Public School Accountant
No. 1011

Medford, New Jersey
October 7, 2011

BEVERLY CITY BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2010	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2011	DEFERRED REVENUE/ INTERFUNDS PAYABLE AT JUNE 30, 2011	MEMO	
									BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:										
General Fund:										
Categorical Transportation Aid	11-495-034-5120-014	\$201,603	7/1/10-6/30/11		201,603	(201,603)			15,093	201,603
Categorical Special Education Aid	11-495-034-5120-089	144,349	7/1/10-6/30/11		144,349	(144,349)			10,807	144,349
Equalization Aid	11-495-034-5120-078	2,045,574	7/1/10-6/30/11		2,045,574	(2,045,574)			153,144	2,045,574
Categorical Security Aid	11-495-034-5120-084	76,562	7/1/10-6/30/11		76,562	(76,562)			5,732	76,562
Adjustment Aid	11-495-034-5120-085	950,112	7/1/10-6/30/11		950,112	(950,112)			71,131	950,112
Extraordinary Aid	10-495-034-5120-044	58,923	7/1/09-6/30/10	(\$58,923)	58,923					
Extraordinary Aid	11-100-034-5120-473	68,285	7/1/10-6/30/11			(28,926)	(28,926)			28,926
Non-Public Transportation	10-495-034-5120-014	3,664	7/1/09-6/30/10	(3,664)	3,664					
Non-Public Transportation	11-495-034-5120-014	3,480	7/1/10-6/30/11			(3,480)	(3,480)			3,480
Nonbudgeted:										
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	118,383	7/1/09-6/30/10	(5,950)	5,950					
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	128,268	7/1/10-6/30/11		128,268	(128,268)				128,268
TPAF Pension Contribution	11-495-034-5095-001	98,277	7/1/10-6/30/11		98,277	(98,277)				98,277
Total General Fund				(68,537)	3,713,282	(3,677,151)	(32,406)		255,907	3,677,151
Special Revenue Fund:										
Early Childhood Program Aid	07-495-034-5120-025	247,915	7/1/06-6/30/07	5,012				5,012		
Early Childhood Program Aid	08-495-034-5120-025	247,915	7/1/07-6/30/08	13,212				13,212		
Preschool Education Aid	11-495-034-5120-086	234,464	7/1/10-6/30/11		195,839	(234,464)	(38,625)		23,446	234,464
Preschool Education Aid	10-495-034-5120-086	163,490	7/1/09-6/30/10	(16,349)	16,349					
Demonstrably Effective Program Aid	06-495-034-5064-002	122,815	7/1/05-6/30/06	730				730		
Demonstrably Effective Program Aid	08-495-034-5064-002	122,815	7/1/07-6/30/08	10,022				10,022		
Distance Learning Network Aid	03-100-034-5120-348	18,142	7/1/02-6/30/03	3,508				3,508		
Targeted At Risk Aid	08-495-034-5120-005	83,000	7/1/07-6-30/08	8,521				8,521		
Teacher Mentor Aid	05-495-034-5120-052	3,027	7/1/04-6/30/05	1,145				1,145		
Teacher Mentor Aid	06-495-034-5120-052	321	7/1/05-6/30/06	321				321		
Teacher Mentor Aid	07-495-034-5120-052	592	7/1/06-6/30/07	592				592		
Character Education Aid	07-495-034-5120-071	4,000	7/1/04-6/30/05	2,600				2,600		
Character Education Aid	08-495-034-5120-071	4,000	7/1/01-6/30/02	1,570				1,570		
Dollar General Youth Literacy Grant	N/A	3,000	7/1/10-6/30/11		3,000	(2,137)		863		2,137
Drug Free Teach Grant	N/A	3,550	7/1/10-6/30/11			(3,550)	(3,550)			3,550
Initiative for the Development of Early Achievement in Literacy	07-100-034-5063-H300-2	50,000	7/1/06-6/30/07	66				66		
Total Special Revenue Fund				30,950	215,188	(240,151)	(42,175)	48,162	23,446	240,151
Food Service Fund:										
Breakfast Program (State Share)	10-100-010-3360-096	861	7/1/09-6/30/10	(44)	44					
National School Lunch Program (State Share)	10-100-010-3360-067	2,105	7/1/09-6/30/10	(109)	109					
National School Lunch Program (State Share)	11-100-010-3360-067	1,334	7/1/10-6/30/11		1,295	(1,334)	(39)			1,334
Total Food Service Fund				(153)	1,448	(1,334)	(39)			1,334
Total State Financial Assistance				(\$37,740)	3,929,918	(3,918,636)	(74,620)	48,162	279,353	3,918,636

**BEVERLY CITY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2011**

Note 1. General

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

Note 2. Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements.

Note 3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$54,135 for the general fund and \$(7,097) for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

**BEVERLY CITY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2011**

Note 3. Relationship to Basic Financial Statements (continued):

	State
General Fund	\$3,731,286
Special Revenue Fund	233,055
Food Service Fund	<u>1,334</u>
Total Financial Assistance	<u>\$3,965,675</u>

Note 4. Relationship to 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

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2011. TPAF social security contributions represent 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. State Loans Outstanding

Beverly City Board of Education had no loan balances outstanding at June 30, 2011.

**CITY OF BEVERLY SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to basic financial Statements noted?	No

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	No

Identification of major programs:

GMIS Number(s)	Name of State Program
11-495-034-5120-078	Equalization Aid
11-495-034-5120-014	Categorical Transportation Aid
11-495-034-5120-089	Categorical Special Education Aid

**CITY OF BEVERLY SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

No Current Year Findings

Section III – Federal Awards and State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**CITY OF BEVERLY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2011**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

Status of Prior Year Findings:

Finding 2009-01:

Condition:

A review of the Districts New Jersey Employer's Quarterly Tax Report 927 revealed that the first quarter of 2009's report was filed incorrectly resulting in a penalty of \$541.

Current Status:

This condition has been corrected.

Finding 2009-02:

Condition:

During review of the District's financial reports revealed an over-expenditure of one budgetary line account.

Current Status:

This condition has been corrected.

Finding 2009-03:

Condition:

The Treasurer's and Board Secretary's reports were not in agreement.

Current Status:

This condition has been corrected.

**CITY OF BEVERLY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT (continued):
For the Fiscal Year Ended June 30, 2011**

Finding 2009-04:

Condition:

A review of the District's fund balance accounts deficits in the District's Enterprise Fund. It is apparent that an adequate amount of revenue is not being realized in order to cover the District's operating expenditures.

Current Status:

This condition has been corrected.