SCHOOL DISTRICT

OF

INTERLAKEN

Interlaken Board of Education
Interlaken, New Jersey

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

INTERLAKEN SCHOOL DISTRICT

TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Letter of Transmittal	1 to 3
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors	6

FINANCIAL SECTION

Independent Auditor's Report	7 to 8
Required Supplementary Information - Part I	
Management's Discussion and Analysis	9 to 14
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Assets	15
A-2 Statement of Activities	16
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	17
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	18
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statements of Activities	19
Propriety Funds:	
B-4 Statement of Net Assets	N/A
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
B-6 Statement of Cash Flows	N/A
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	20
B-8 Statement of Changes in Fiduciary Net Assets	21
Notes to the Financial Statements	22 to 32
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	33 to 35
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	N/A

Page

Notes to the Required Supplementary Information

C-3 Budget-to-GAAP Reconciliation 36

Other Supplementary Information

D. School Level Schedules:

D-1 Combining Balance Sheet N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual N/A

E. Special Revenue Fund:

E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis N/A
E-2 Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis N/A
E-3 Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis N/A
E-4 Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis N/A

F. Capital Projects Fund:

F-1 Summary Schedule of Project Expenditures N/A
F-2 Summary Schedule of Revenues and Expenditures N/A
F-2a Schedule(s) of Project Revenues and Expenditure N/A

Proprietary Funds:

Enterprise Fund:
G-1 Combining Statement of Net Assets N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets N/A
G-3 Combining Statement of Cash Flows N/A

Internal Service Fund:
G-4 Combining Statement of Net Assets N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets N/A
G-6 Combining Statement of Cash Flows N/A

G. Fiduciary Funds:

H-1 Combining Statement of Fiduciary Net Assets N/A
H-2 Combining Statement Changes in Fiduciary Net Assets N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements N/A
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements N/A

		Page
I.	Long Term-Debt:	
I-1	Schedule of Serial Bonds	N/A
I-2	Schedule of Obligations under Capital Leases	N/A
I-3	Debt Service Fund Budgetary Comparison Schedule	N/A

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends		
J-1	Net Assets by Component	37
J-2	Changes in Net Assets	38 to 39
J-3	Fund Balance - Governmental Funds	40
J-4	Changes in Fund Balance - Governmental Funds	41
J-5	General Fund Other Local Revenue by Source	42
Revenue Capacity		
J-6	Assessed Value and Estimated Actual Value of Taxable Property	43
J-7	Direct and Overlapping Property Tax Rates	44
J-8	Principal Property Taxpayers	45
J-9	Property Tax Levies and Collections	46
Debt Capacity		
J-10	Ratios of Outstanding Debt by Type	47
J-11	Ratios of General Bonded Debt Outstanding	48
J-12	Direct and Overlapping Governmental Activities Debt	49
J-13	Legal Debt Margin Information	50
Demographic and Economic Information		
J-14	Demographic and Economic Statistics	51
J-15	Principal Employers	52
J-16	Full-time Equivalent District Employees by Function/Program	53
Operating Information		
J-17	Operating Statistics	54
J-18	School Building Information	55
J-19	Schedule of Required Maintenance Expenditures	56
J-20	Insurance Schedule	57

FEDERAL AND STATE ASSISTANCE SECTION

K-1	Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	58 to 59
K-3	Schedule of Expenditures of Federal Awards, Schedule A	60
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	61
K-5	Notes to Schedules of Expenditures of Awards and Financial Assistance	62
K-6	Schedule of Findings of Noncompliance	63

INTRODUCTORY SECTION

Interlaken Board of Education
100 Grassmere Avenue
Interlaken, N.J . 07712

November 25, 2011

The Honorable President and Members
of the Board of Education of the Borough of Interlaken
100 Grassmere Avenue
Interlaken, N.J. 07712

Dear Board Members:

The comprehensive annual financial report of the Interlaken School District (District) for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Interlaken 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 federal and state financial assistance. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States and Local Governments and Non-Profit Organizations", and the New Jersey OMB's Circular 04-04,"Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this 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 federal and state assistance section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Interlaken School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Interlaken Board of Education, a non-operating district, constitutes the District's reporting entity.

The District offers a full range of educational services appropriate to grade levels K through 12 through its sending-receiving relationship with the Asbury Park Board of Education. Classes offered are regular, vocational, and special education for disabled youngsters. Vocational students are sent to the Monmouth County Vocational School District. Academically or gifted students are enrolled at Monmouth County Vocational School's technical or specialized vocational high schools or are accepted into Red Bank Regional High School's specialized performing arts or financial programs. Asbury Park Board of Education's Child Study Team evaluates the students considered in need of special educational services. Handicapped students whose Individualized Educational Plans (IEPs) indicate the need for unique placements are sent to the most appropriate public or private schools where their needs can be met. The District completed the 2010-2011 school year with an enrollment of 8 special education students, 2 in private special education placements, 2 in Red Bank Regional High School, 1 in Belmar School and 3 in Asbury Park Preschool, no home instruction students, 2 vocational school students and 5 Red Bank Regional High School students. The latter two groups were accepted into specialized programs through competitive testing or performances and participation is consistent with code.

2. ECONOMIC CONDITIONS AND OUTLOOK:

Five blocks wide and seven blocks long, Interlaken was founded in 1895 as a haven for artists, and is the only exclusively residential community in New Jersey, with no schools, churches or businesses. Its April 2002 census population was determined to be 900 residents. The area is virtually fully developed. Residences continue to come on the real estate market and are quickly sold, frequently to families with young children who are attracted to the Borough's charm despite its lack of a Borough public school. Interlaken's well-maintained homes on tree-lined streets and proximity to metropolitan areas as well as excellent recreational opportunities and low taxes make it a very desirable residential community.

3. MAJOR INITIATIVES:

As a non-operating sending district to the Asbury Park School District, the Interlaken Board of Education is concerned about its students and has engaged a lawyer to assist it in developing policies on special education that are consistent with law and provide appropriate services to district students while being mindful of taxpayer concerns. The Board approved entering into a joint venture with Red Bank Regional Board of Education and MOESC, enabling the district to offer subscription busing to students who would not otherwise receive transportation services to schools beyond the courtesy transportation distance. The Board is still monitoring the state's plan for the consolidation of school districts and the elimination of non-operating districts.

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 control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District is also responsible for 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 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 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, the latter as necessary. The district does not have any debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

As 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. DEBT ADMINISTRATION:

The District has no outstanding debt.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the 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 institutions in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board worked with its insurance broker, New Jersey School Boards Association Insurance Group, to review insurance requirements in order to secure the most appropriate coverage at the least possible cost.

10. OTHER INFORMATION:

Independent Audit - State statues require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Alvino & Shechter L.L.C., CPA's was selected by the Board to provide this service. The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports specifically related to the federal and state financial assistance are included in the federal and state assistance section of this report.

11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Interlaken Board of Education for their continued interest in providing fiscal accountability to the taxpayers and citizens of the Borough of Interlaken, thereby contributing their full support to the development and maintenance of the District's financial operation.

Respectfully submitted,

Dennis W. Kotch, CPA
School Business Administrator/ Board Secretary

INTERLAKEN BOARD OF EDUCATION

ORGANIZATION CHART
(UNIT CONTROL)

STUDENTS AND TAXPAYERS

BOARD OF EDUCATION

Attorney Auditor Board Secretary/School Business Administrator

INTERLAKEN BOARD OF EDUCATION

ROSTER OF OFFICIALS
JUNE 30, 2011

Members of the Board of Education	Term Expires
Meredith Wong - President	2014
Tracy Handerhan - Vice President	2013
Karen Watt	2012
Donna Walters	2014
Joann Weeden	2012

Other Officials

Dennis W. Kotch, CPA - Board Secretary/School Business Administrator (Shared Service Agreement with Shore Regional High School District)

Anthony P. Sciarrillo, Esq. - Solicitor

INTERLAKEN BOARD OF EDUCATION

CONSULTANT AND ADVISORS

AUDIT FIRM

Allen B. Shechter, CPA, RMA, PSA
Alvino & Shechter, L.L.C.
Certified Public Accountants
110 Fortunato Place
Neptune, NJ 07753-3767

ATTORNEY

Anthony P. Sciarrillo, Esquire
Lindabury, McCormick & Estabrook, P.C.
53 Cardinal Drive
Westfield, NJ 01091

OFFICIAL DEPOSITORY

PNC Bank, NA
Broad Street
Red Bank, NJ 07701

FINANCIAL SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS
110 Fortunato Place
Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222
Fax: (732) 922-4533

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and each major fund, of the Interlaken Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2010, and the respective changes in the financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 24, 2011 on our consideration of the Interlaken Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 9 through 14 and 33 through 35 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Allen B. Shechter

Licensed Public School Accountant
No. 2183
ALVINO & SHECHTER, L.L.C.

November 24, 2011

REQUIRED SUPPLEMENTARY INFORMATION - PART I

INTERLAKEN BOARD OF EDUCATION
INTERLAKEN, NEW JERSEY

MONMOUTH COUNTY

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

Introduction

Interlaken School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Interlaken Board of Education, a non-operating district, constitutes the District's reporting entity.

New Jersey has over 600 school districts, 23 of which are termed "non-operating" due to their lack of school facilities. In all other aspects, these districts function similar to operating districts. They have boards of education, hold public board meetings, develop and approve board policies, approve educational programs for students sent to other districts, provide transportation for regular and special education students, etc. from a business office perspective, non-operating districts are similar to operating districts inasmuch as they prepare budgets for public vote, issue purchase orders for goods and services, enter into contracts and pay bills. Standard state reports are submitted such as the Application for State School Aid dealing with student population statistics, the District Report of Transported Students assembling statistics on student transportation, reports on Debt Service requirements, and others.

While a non-operating district, the Interlaken Board of Education offers a full range of educational services appropriate to grade level K through 12 through its sending-receiving relationship with the Asbury Park Board of Education. Classes offered are regular and vocational, and special education for disabled youngsters. Academically or artistically gifted students are eligible to compete for positions in Monmouth County Vocational School's technical or specialized high schools and can be evaluated for inclusion in competitive performing arts and finance programs at Red Bank Regional High School if they are not available in the Asbury Park School District. Asbury Park Board of Education's Child Study Team evaluates the students considered in need of special educational services and enrolled through their district. Students with disabilities whose Individualized Educational Plans (IEPs) indicate the need for unique placements are sent to the most appropriate public or private schools where their needs can be met. The District completed the 2010-2011 school year with an enrollment of 8 special education students, 2 vocational students, 5 Red Bank Regional High School students. The latter two group were accepted into specialized programs through competitive testing or performances.

In recent years, the state has been attempting to reform education and consolidate school districts. Being a "non-operating" school district, the district has been faced with the possibility of its dissolution through legislative actions. The community remains committed to actively oppose any legislation that would promote dissolving the non-public school district.

Interlaken's school taxes were still the second lowest in Monmouth County and among the lowest in the state, and any change to the district's current operating mode would result in increased school taxes for the district's residents. As a partner in a sending-receiving relationship with the Asbury Park School District, Interlaken taxpayers costs would be considerably higher were Interlaken's students to attend Asbury schools. However, Asbury student achievement continues to fall below NCLB standards, with its students' test scores the lowest in the county, and this has contributed to the lack of attendance by Interlaken students over the past years.

In the 2010-2011 school year Interlaken did not have any exceptional expenses related to operations; however, during the course of the year questions regarding the Board's responsibilities for related special education services and child study team evaluations were raised with increasingly frequency. Residents also had questions regarding the courtesy transportation provided for the elementary schools within a two mile radius of the District, a practice which has been eliminated as of June 30, 2011.

Basic Financial Statements

The annual reports consists of a series of financial statements and notes to those statements presented so the reader can gain an understanding of the Interlaken School District as a financial operating entity. The overview statements then proceed to provide an increasingly detailed look at specific financial activities. These statements provide a "report card" of sorts on the district's financial transactions, including data on all assets and liabilities using full accrual accounting in a manner similar to information presented by publicity held companies. All of these activities are intended to advance the district's mission as stated at the beginning of this analysis.

The financial statements previously presented in the district's Comprehensive Annual Financial Report remain unchanged: detailed and comparative exhibits of budgeted and actual revenue and expenses by General and Special Revenue funds as applicable. This disclosure has been expanded by the addition of the Statement of Net Assets and the Statement of Activities using full accrual accounting similar to the statements used in reporting corporate financial results. Another new feature will be supplementary information that includes a comparison of the original and final budgets to the final expenditures for the General and Special Revenue funds. As of June 30, 2011, the district did not have any Special Revenue funds.

The Statement of Net Assets presents the district's assets and liabilities in order of liquidity, except for liabilities with current and long-term elements that will be presented accordingly. Net assets represent the difference between assets and liabilities, and will be presented in three catagories: invested in capital assets net of related debt, restricted assets and unrestricted assets. Using this methodology requires depreciation of capital assets. The district had no assets for the fiscal year ended June 30, 2011.

The Statement of Activities provides an overview of the cost of providing educational services by major categories of expense and revenue. These two statements report the district's net assets and how they have changed year to year, reflecting a variety of influences such as the current change in educational philosophy (resulting in increased purchases of new material, consultants, etc.), voter approval of tax levy, interest income, successful grant applications, etc. An additional factor influencing these results is the level of state funding received, as the flat funding over the past three years.

Financial Highlights

Key financial highlights for 2010-2011 are as follows:

The district ended fiscal year 2010-2011 with a fund balance of $619,327. Under the S1701 legislation, the district can only maintain 2% of this in its reserve or a maximum of $250,000.00 which ever is greater. Any amount over this must be allocated to tax relief in the 2012-2013 budget process. The district will have $99,345 in excess fund balance to be allocated back to the taxpayers in the 2012-2013 budget process.

The budget for 2011-2012 was passed by the district's voters in April 2011.

The School District had an original 2010-2011 General Fund budget of $542,114 and completed June 30, 2011, with 413,344 in expenses and no outstanding encumbrances. There were no Special Revenue funds during this year.

The state contributed $37,520 in transportation, categorical, security and adjustment aid to the General Fund, an decrease of $33,031 from the 2009-2010 state aid. The 2010-2011 tax levy was $504,494, a increase of $7,790 over the prior year's taxes.

The state also continued its recent practice of deferring its final fiscal year June payments until the start of the next fiscal year in July.

Financial Highlights

Using this General Accepted Accounting Principals Report (GAAP)

The Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2011 compared to June 30, 2010.

Table 1
Net Assets

	2011	2010
Assets		
Current and Other Assets	623,659.00	512,835.00
Capital Assets	.00	.00
Total Assets	$623,659.00	$512,835.00
Liabilities		
Current Liabilities	5,000.00	94,682.00
Long-Term Liabilities	.00	.00
Total Liabilities	$ 5,000.00	$ 94,682.00
Net Assets		
Invested in Capital Assets, Net of Related Debt	.00	.00
Restricted	369,327.00	169,894.00
Unrestricted	249,332.00	248,259.00
Total Net Assets	$618,659.00	$418,153.00

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

Table 2
Changes in Net Assets

	2011	2010
Revenues		
Program Revenue:		
Charge for Services	.00	.00
Operating Grants and Contributions	.00	.00
General Revenues:		
Property Taxes	504,494.00	496,704.00
Grants and Entitlements	44,713.00	70,440.00
Other	64,643.00	3,624.00
Total Revenues	$613,850.00	$570,768.00
Program Expenses		
Support Services:		
Instruction - Tuition	292,988.00	337,447.00
Student & Instruction Related Services	10,790.00	.00
General Administration and Central Services	32,985.00	30,835.00
Pupil Transportation	76,581.00	138,301.00
Total Program Expenses	$413,344.00	$506,583.00
Increase (Decrease) in Net Assets Before Other Items	200,506.00	64,185.00
Other Decrease	.00	.00
Increase (Decrease) in Net Assets	$200,506.00	$ 64,185.00

Governmental Activities

Annually, on the third Tuesday in April, the voters of New Jersey get an opportunity to voice their pleasure or displeasure on all things economic and/or political as they are asked to vote on their local school district's annual tax levy developed as part of the annual school budget process. Voter displeasure and a defeated budget customarily results in fiscal reductions developed and voted on by the respective school district's municipal leadership.

In April 2011 the voters of the Borough of Interlaken passed the 2011-2012 budget intended to fund the school's 2011-2012 operations.

The budget as approved is funded primarily by property taxes that make up 71 percent of revenues for governmental activities for the Interlaken Board of Education for fiscal year 2011-2012. The balancing being comprised of state aid and very modest interest income and prior year's excess surplus.

The Statement of Activities shows the cost of program services and the charges for services. Table 3 shows the total cost of services and the net cost of services, identifying the cost of these services supported by tax revenue and unrestricted State entitlements for the fiscal years 2011 and 2010.

Table 3

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Support Services:				
Tuition	292,988.00	292,988.00	337,447.00	337,447.00
Student & Instruction Related Services	10,790.00	10,790.00	.00	.00
General Administrative & Central Services	32,985.00	32,985.00	30,835.00	30,835.00
Pupil Transportation	76,581.00	76,581.00	138,301.00	138,301.00
Total Expenses	$413,344.00	413,344.00	$506,583.00	$506,583.00

Instruction expenses are limited to tuition paid for out-of-district education: special education in appropriate private schools consistent with each student's Individualized Education Plan, Monmouth County Vocational schools and specialized or performing arts programs at Red Bank Regional High School that are not available in the Asbury Park School system.

As a non-operating district, Interlaken incurs no expense customarily associated with direct student instruction: teaching salaries, curriculum and staff development, guidance, school supplies, etc.

General administration and central services include the expenses of the school business administrator, a shared service agreement with Shore Regional High School. In addition, there are school district expenses required by legislative code: membership required by code in the New Jersey School Boards Association and costs of annual school elections (printing of ballots, election workers, payment of election officials, etc.).

Other expenses of general and central services include the costs of attorneys, auditors, communications, appropriate insurance coverage and office supplies.

With no facilities to maintain, Interlaken does not have any custodial or maintenance expenses.

Pupil transportation consists of all out-of-district transportation for special education and vocational schools as prescribed in legislative code. Since Interlaken is not triggered by law to provide any other transportation (no students attend Asbury is the basic block, and then other code requirements would apply), it does not have to provide transportation to students attending schools not meeting these definitions. The courtesy transportation policy had been eliminated as of June 30, 2011.

The Board carries various forms of insurance, including but not limited to general liability, comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board worked with its insurance broker, New Jersey School Board Association Insurance Group, to review insurance requirements in order to secure the most appropriate coverage at least possible cost.

The School District's Funds

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $613,850 and expenditures of $413,344. 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.

The unassigned fund balance of the General Fund is the allowable maximum as established by the State and this represents approximately 59% of the general fund budget for 2010-2011. There is no fund balance for either state or federal special revenue funds. Any shortfall in state and/or federal funds would have to be made up with general fund monies from fund balance.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey Legislative code and Department of Education guidelines 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.

The district manages its financial reporting of budgets and actual expenses using a real-time accounting system designed to provide comprehensive management and reporting tools.

The original General Fund budget estimated revenue was $542,114 and the final budgeted General Fund estimated revenue was $607,951.

Capital Assets

At the end of the fiscal year 2011, as a non-operating district Interlaken had no investments in land, buildings, or furniture and equipment.

Debt Administration

At June 30, 2011, the Interlaken Board of Education had no debt.

Current Financial Issues and Concerns

The Interlaken School District is essentially financially stable, with surplus fully funded as of June 30, 2011. The School District is proud of its community support; however, new residents in the district are not familiar with the "non-operating district" concept and the reduced or non-existent services customarily expected in regular school districts are quite disconcerting, particularly as they pertain to remote transportation and special education services. Aid from the state is not expected to increase but many residents are willing to accept the challenge of living in a non-operating district in return for very low school taxes. The Board and administration continue to be extremely sensitive to the financial concerns of Interlaken taxpayers, particularly those on fixed incomes.

The Interlaken Board of Education has consistently committed itself to sound, conservative fiscal management, providing the most efficient and effective education possible, and there is no reason to believe that this commitment will not continue.

Contacting the School District's Financial Management

The financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions on this report or need additional financial information please contact Dennis W. Kotch, School Business Administrator/Board Secretary at Shore Regional High School, 132 Monmouth Park Hwy. West Long Branch, NJ 07764.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

INTERLAKEN SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	573,106.17	.00	573,106.17
Receivables, Net	15,076.82	.00	15,076.82
Restricted Assets:			
Capital Reserve Account - Investment	35,476.21	.00	35,476.21
Capital Assets, Net (Note 4):	.00	.00	.00
Total Assets	623,659.20	.00	623,659.20
LIABILITIES:			
Accounts Payable	5,000.00	.00	5,000.00
Other Payable	.00	.00	.00
Noncurrent Liabilities:			
Due Within One Year	.00	.00	.00
Due Beyond One Year	.00	.00	.00
Total Liabilities	5,000.00	.00	5,000.00
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	.00	.00	.00
Restricted for:			
Other Purposes	369,327.20	.00	369,327.20
Unrestricted	249,332.00	.00	249,332.00
Total Net Assets	$618,659.29	.00	618,659.20

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

INTERLAKEN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Functions/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes In Net Assets: Governmental Activities	Net (Expense) Revenue and Changes In Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes In Net Assets: Total
GOVERNMENTAL ACTIVITIES:							
Support Services:							
Tuition	292,987.83	.00	.00	.00	(292,987.83)	.00	(292,987.83)
Student & Instruction Related Services	10,790.00	.00	.00	.00	(10,790.00)	.00	(10,790.00)
General Administration	15,066.61	.00	.00	.00	(15,066.61)	.00	(15,066.61)
Central Services	17,918.34	.00	.00	.00	(17,918.34)	.00	(17,918.34)
Pupil Transportation	76,580.91	.00	.00	.00	(76,580.91)	.00	(76,580.91)
Total Governmental Activities	$413,343.69	.00	.00	.00	(413,343.69)	.00	(413,343.69)
GENERAL REVENUES:							
Property Taxes Levied for General Purposes					504,494.00	.00	504,494.00
State Aid Not Restricted					44,713.00	.00	44,713.00
Interest Earnings					652.69	.00	652.69
Miscellaneous					63,990.44	.00	63,990.44
Total General Revenues and Special Items					613,850.13	.00	613,850.13
Change in Net Assets					200,506.44	.00	200,506.44
Net Assets - Beginning					418,152.76	.00	418,152.76
Net Assets - Ending					$618,659.20	.00	618,659.20

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

FUND FINANCIAL STATEMENTS

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

INTERLAKEN SCHOOL DISTRICT
Balance Sheet
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	573,106.17	.00	573,106.17
Receivable From Other Governments	11,900.00	.00	11,900.00
Interfund Receivables	2,176.82	.00	2,176.82
Other Receivables	1,000.00	.00	1,000.00
Restricted Cash and Cash Equivalents			
Capital Reserve Account - Investment	35,476.21	.00	35,476.21
Total Assets	$623,659.20	.00	623,659.20
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	5,000.00	.00	5,000.00
Interfunds Payable	.00	.00	.00
Total Liabilities	5,000.00	.00	5,000.00
Fund Balances:			
Restricted for:			
Capital Reserve Account	35,476.21	.00	35,476.21
Tuition Reserve	100,000.00	.00	100,000.00
Excess Surplus - Current Year	99,344.87	.00	99,344.87
Excess Surplus - Prior Year - Designated for Subsequent Years Expenditures	134,506.12	.00	134,506.12
Unassigned:			
General Fund	249,332.00	.00	249,332.00
Special Revenue Fund	.00	.00	.00
Total Fund Balance	618,659.20	.00	618,659.20
Total Liabilities and Fund Balances	$623,659.20	.00	
Amounts reported for governmental activities in the statement of net assets (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is $.00 and the accumulated depreciation is $.00.			.00
Net Assets of Governmental Activities			$618,659.20

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

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

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES:			
Local Sources:			
Local Tax Levy	504,494.00	.00	504,494.00
Interest Earned on Investments	652.69	.00	652.69
Miscellaneous	63,990.44	.00	63,990.44
Total - Local Sources	569,137.13	.00	569,137.13
State Sources	44,713.00	.00	44,713.00
Total Revenues	613,850.13	.00	613,850.13
EXPENDITURES:			
Current:			
Support Services:			
Tuition	292,987.83	.00	292,987.83
Student & Instruction Related Services	10,790.00	.00	10,790.00
General Administration	15,066.61	.00	15,066.61
Central Services	17,918.34	.00	17,918.34
Pupil Transportation	72,428.91	.00	72,428.91
Employee Benefits	4,152.00	.00	4,152.00
Capital Outlay	.00	.00	.00
Total Expenditures	413,343.69	.00	413,343.69
Excess (Deficiency) of Revenues Over (Under) Expenditures	200,506.44	.00	200,506.44
OTHER FINANCING SOURCES (USES):			
Transfers In	.00	.00	.00
Transfer Out	(.00)	(.00)	(.00)
Total Other Financing Sources and Uses	.00	.00	.00
Net Change in Fund Balances	200,506.44	.00	200,506.44
Fund Balance - July 1	418,152.76	.00	418,152.76
Fund Balance - June 30	$618,659.20	.00	618,659.20

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

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

Total net change in fund balances - governmental funds (from B-2)		200,506.44
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.		
Depreciation Expense	(.00)	
Capital Outlay	.00	.00
Change in net assets of governmental activities		$200,506.44

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

FIDUCIARY FUNDS
DETAIL STATEMENTS

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

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

INTERLAKEN SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2011

	Unemployment Compensation Trust
ASSETS:	
Cash and Cash Equivalents	9,589.64
Interfunds Receivable	.00
Total Assets	9,589.64
LIABILITIES:	
Accounts Payable	.00
Interfunds Payable	2,176.82
Total Liabilities	2,176.82
NET ASSETS:	
Held in Trust for Unemployment Claims and Other Purposes	7,412.82
Total Net Assets	$7,412.82

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

INTERLAKEN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the fiscal Year ended June 30, 2011

	Unemployment Compensation Trust
ADDITIONS:	
Contributions:	
Plan Member	.00
Other	.00
Total Contributions	$ .00
Investment Earnings:	
Interest	5.03
Net Investment Earnings	5.03
Total Additions	5.03
DEDUCTIONS:	
Quarterly Contribution Reports	.00
Unemployment Claims	2,605.32
Total Deductions	2,605.32
Change in Net Assets	(2,600.29)
Net Assets - Beginning of the Year	10,013.11
Net Assets - End of the Year	$ 7,412.82

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of the District and Reporting Entity:

The Interlaken School District is a sending district located in the County of Monmouth, State of New Jersey. As a sending district, they have no operating schools and function independently through a Board of Education. The board is comprised of five members elected to three year-terms and is responsible for the fiscal control of the District.

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

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

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

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

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

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

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

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

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

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

The District reports the following governmental funds:

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

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

Additionally, the District reports the following fund type:

Fiduciary Funds: - The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Unemployment Compensation Insurance Trust Fund.

Basic of Accounting:

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

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

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

Basic of Accounting (Continued):

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

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

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

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

D. Assets, Liabilities, and Equity:

Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include cash in banks and all highly liquid investments with a maturity of three months or less at time of purchase and are stated at cost plus accrued interest. The Board classifies certificates of deposit which have maturity dates of less than twelve months from date of purchase as investments and are stated at carrying amount. The difference between the carrying amount and market value is not material to the basic financial statements.

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

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

Interfund Transactions:

Transfers between governmental and business-type activities on the District-Wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

The District's only capital asset, a school bus was sold during the year. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is $2,000.00.

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

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

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

Accrued Liabilities and Long-Term Obligations:

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

Net Assets:

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

Fund Balance:

Beginning with the fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definition". The School District reports fund balance in classification that compromise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classification, and policies for determining such classifications, are as follows:

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

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

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

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

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

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

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

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

Revenue - Exchange and Nonexchange Transactions:

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

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

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

Management Estimates:

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

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:

Type	Rating	Maturities	Carrying Value
Deposits:			
Demand deposits			573,106.17
Investments:			
Certificate Deposit	N/A	12/29/11	35,476.21
Total deposits and investments			$608,582.38
Reconciliation of Statement of Net Assets			
Current:			
Cash and cash equivalents			573,106.17
Investments			35,476.21
			$608,582.38

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

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments had a bank balance of $630,806.06 at June 30, 2011. Of the bank balance $250,000.00 was fully insured by depository insurance and $353,806.06 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

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

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

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

Concentration of Investment Credit Risk - The District places no limit on the amount it may invest in any one issuer. At June 30, 2011, all of the District's investments are with PNC Bank.

NOTE 3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Interlaken Board of Education prior to July 18, 2000 and therefore shall be utilized for the original purpose for which funds were deposited (N.J.A.C.6A:26-9.1(h)).

Capital reserve accounts may be established by New Jersey School Districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A 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 outlay expenditures and transfers of such funds for other uses are prohibited pursuant to N.J.S.A. 18A:22-8-2. Funds withdrawn from the account must be included in the annual budget certified for taxes as a revenue labeled withdrawal from capital reserve account. Post-April 2004 transfers must be in compliance with P.L.2004, c.73 (S1701).

Increases in the account from sources other than investment income cannot exceed the amount appropriated in the annual budget certified for taxes as an increase in the capital reserve account.

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	$35,387.64
Interest earnings	88.57
Deposits	
Approved at April 2010 election	.00
Withdrawals	
Board resolution	(.00)
Ending balance, June 30, 2011	$35,476.21

NOTE 4. RECEIVABLES

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

	Governmental Fund Financial Statements	District-Wide Financial Statements
State Aid	.00	.00
Local Tax Levy	11,900.00	11,900.00
Interfunds	2,176.82	2,176.82
Other - Sale of Bus	1,000.00	1,000.00
Gross Receivables	15,076.82	15,076.82
Less: Allowance for Uncollectibles	.00	.00
Total Receivables, Net	$15,076.82	15,076.82

NOTE 5. CAPITAL ASSETS

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

	Beginning Balance	Transfers or Additions	Transfers or Retirements	Ending Balance
Governmental activities:				
School Bus	53,619.00	.00	(53,619.00)	.00
Less Accumulated Depreciation	(53,619.00)	.00	53,619.00	(.00)
Governmental activity capital assets, net	$ .00	.00	.00	.00

Depreciation expense was charged to the following governmental programs:

Pupil Transportation	$ .00

NOTE 6. FUND BALANCE APPROPRIATED

General Fund - Of the $618,659.20 General Fund fund balance at June 30, 2011, $99,344.87 has been restricted for excess surplus; $134,506.12 has been restricted for excess surplus in prior years and has been appropriated and included as anticipated revenue for the year ending June 30, 2012; $35,476.81 has been restricted for the Capital Reserve Account; $100,000.00 has been restricted for tuition adjustment in accordance with N.J.A.C. 6A:23-3.1(f)(8); and $249,332.00 is unassigned.

NOTE 7. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Restricted Fund Balance -Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 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 $99,344.87.

NOTE 8. CONTINGENT LIABILITIES

There were no liabilities, contingent or otherwise, which were not provided for by budget appropriation or insurance coverage.

NOTE 9. PENSION PLANS

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

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

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

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Vesting and Benefit Provisions - Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

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

NOTE 9. PENSION PLANS (CONT'D)

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

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

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

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

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1998 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% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	$2,858.00	100%	$2,858.00
6/30/10	2,248.00	100%	2,248.00
6/30/09	3,976.80	100%	3,976.80

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	$1,294.00	100%	.00
6/30/10	.00	100%	.00
6/30/09	.00	100%	.00

During the fiscal year ended June 30, 2011, the State of New Jersey contributed $1,294.00 to the TPAF for normal and post-retirement benefits on behalf of the District. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pension 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. Fund of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS, TPAF 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 11. RISK MANAGEMENT

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

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

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

Fiscal Year	Interest Earnings/ District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2010-2011	$ 5.03	$ .00	$2,605.32	$ 7,412.82
2009-2010	29.40	29.75	None	10,013.11
2008-2009	14.33	139.62	None	9,953.96

NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

	Due From Other Funds	Due To Other Funds
General Fund:		
Unemployment Compensation Trust	2,176.82	.00
Unemployment Compensation Trust:		
General Fund	.00	2,176.82
	$2,176.82	2,176.82

The general fund's interfund receivable from the unemployment compensation trust fund is reported as a receivable on the District-Wide statement of net assets. The interfund represents a charge for unemployment benefits paid out to the state from the General Fund for the unemployment compensation fund. All of the interfunds represent short-term loans.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

INTERLAKEN SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	504,494.00	.00	504,494.00	504,494.00	.00
Interest Earned on Capital Reserve Funds	100.00	.00	100.00	88.57	(11.43)
Miscellaneous	.00	.00	.00	64,554.56	64,554.56
Total Local Sources	504,594.00	.00	504,594.00	569,137.13	64,543.13
State Sources:					
Transportation Aid	18,235.00	.00	18,235.00	18,235.00	.00
Special Education Categorical Aid	7,636.00	.00	7,636.00	7,636.00	.00
Security Aid	1,108.00	.00	1,108.00	1,108.00	.00
Adjustment Aid	10,541.00	.00	10,541.00	10,541.00	.00
On-behalf TPAF Pension Contributions (Non-budgeted)	.00	.00	.00	58.00	58.00
On-behalf TPAF Post Retirement Medical (Non-budgeted)	.00	.00	.00	1,236.00	1,236.00
Total State Sources	37,520.00	.00	37,520.00	38,814.00	1,294.00
Total Revenues	542,114.00	.00	542,114.00	607,951.13	65,837.13
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAS Within the State - Regular	84,386.00	(6,085.05)	78,300.95	63,287.11	15,013.84
Tuition to Other LEAS Within the State - Special	82,400.00	22,247.05	104,647.05	104,647.05	.00
Tuition to County Vocational School Districts - Regular	18,150.00	.00	18,150.00	11,600.00	6,550.00
Tuition to Private Schools for the Handicapped - Within the State	171,581.00	(46,912.00)	124,669.00	82,703.67	41,965.33
Tuition - State Facilities	.00	30,750.00	30,750.00	30,750.00	.00
Tuition - Other	1,200.00	.00	1,200.00	.00	1,200.00
Total Undistributed Expenditures - Instruction	357,717.00	.00	357,717.00	292,987.83	64,729.17
Undistributed Expenditures - Health Services:					
Purchased Professional & Technical Services	8,000.00	2,790.00	10,790.00	10,790.00	.00
Total Undistributed Expenditures - Health Services	8,000.00	2,790.00	10,790.00	10,790.00	.00

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

INTERLAKEN SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES: (Continued):					
Undistributed Expenditures - Support Services General Administration:					
Salaries	2,137.00	.00	2,137.00	.00	2,137.00
Legal Services	3,000.00	.00	3,000.00	.00	3,000.00
Audit Fees	5,000.00	11,818.00	16,818.00	9,710.00	7,108.00
Other Purchased Professional Services	1,500.00	.00	1,500.00	1,494.36	5.64
Communications/Telephone	500.00	(30.88)	469.12	42.00	427.12
BOE Other Purchase Services	500.00	.00	500.00	485.07	14.93
Other Purchased Services	3,365.00	.00	3,365.00	2,804.30	560.70
Miscellaneous Expenditures	500.00	30.88	530.88	530.88	.00
Total Undistributed Expenditures - Support Services General Administration	16,502.00	11,818.00	28,320.00	15,066.61	13,253.39
Undistributed Expenditures - Central Services:					
Purchased Professional and Technical Services	15,830.00	1,491.00	17,321.00	17,321.00	.00
Supplies and Materials	300.00	297.34	597.34	597.34	.00
Miscellaneous Expenditures	85.00	(1.00)	84.00	.00	84.00
Total Undistributed Expenditures - Central Services	16,215.00	1,787.34	18,002.34	17,918.34	84.00
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home & School) - Regular	16,000.00	(10,991.84)	5,008.16	.00	5,008.16
Cleaning, Repair & Maintenance Services	5,000.00	.00	5,000.00	.00	5,000.00
Contract Services (Between Home and School) - Joint Agreement	1,600.00	9,204.50	10,804.50	10,804.50	.00
Contracted Services (Regular Students)-ESC's	20,800.00	.00	20,800.00	14,333.49	6,466.51
Contracted Services (Special Ed. Students)-ESC's	93,700.00	(14,608.00)	79,092.00	46,605.72	32,486.28
Miscellaneous Purchased Services -Transportation	2,080.00	.00	2,080.00	685.20	1,394.80
Supplies and Materials	3,000.00	(1,458.00)	1,542.00	.00	1,542.00
Total Undistributed Expenditures - Student Transportation Services	142,180.00	(17,853.34)	124,326.66	72,428.91	51,897.75
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	200.00	(200.00)	.00	.00	.00
Other Retirement Contributions - Regular	200.00	2,658.00	2,858.00	2,858.00	.00
Workmen's Compensation	1,000.00	(1,000.00)	.00	.00	.00
Total Unallocated Benefits - Employee Benefits	1,400.00	1,458.00	2,858.00	2,858.00	.00
On-behalf TPAF Pension Contributions (Non-Budgeted)	.00	.00	.00	58.00	(58.00)
On-behalf TPAF Post Retirement Medical (Non-Budgeted)	.00	.00	.00	1,236.00	(1,236.00)
Total On-Behalf Contributions	.00	.00	.00	1,294.00	(1,294.00)
Total Personal Services - Employee Benefits	1,400.00	.00	2,858.00	4,152.00	(1,294.00)
Total Undistributed Expenditures	542,014.00	.00	542,014.00	413,343.69	128,670.31
Total Expenditures - Current Expenses	542,014.00	.00	542,014.00	413,343.69	128,670.31

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

INTERLAKEN SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES: (Continued):					
Capital Outlay:					
Interest Deposit to Capital Reserve	100.00	.00	100.00	.00	100.00
Total Capital Outlay	100.00	.00	100.00	.00	100.00
Total Expenditures	542,114.00	.00	542,114.00	413,343.69	128,770.31
Excess (Deficiency) of Revenues Over (Under) Expenditures	.00	.00	.00	194,607.44	194,607.44
Fund Balances - July 1	424,719.76	.00	424,719.76	424,719.76	.00
Fund Balances - July 30	424,719.76	.00	424,719.76	619,327.20	194,607.44

Recapitulation:	
Restricted Fund Balance:	
Capital Reserve	35,476.21
Tuition Reserve	100,000.00
Excess Surplus - Designated for Subsequent Year's Expenditures	134,506.12
Excess Surplus - Current Year	99,344.87
Unassigned Fund Balance	250,000.00
	619,327.20
Reconciliation to Governmental Funds Statement (GAAP):	
Last Two State Aid Payments not recognized on GAAP Basis	(668.00)
Fund Balance per Governmental Funds (GAAP)	$618,659.20

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

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

	General Fund	Special Revenue Fund
Sources/inflows of revenue		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	607,951.13	-
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	6,567.00	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(668.00)	-
Total revenues as reported for budgetary purposes, not recognized for GAAP statements until the subsequent year.	$613,850.13	-
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	413,343.69	-
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to general fund.	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$413,343.69	-

STATISTICAL SECTION (Unaudited)

Exhibit J-1

Interlaken School District
Net Assets by Component,
Last Eight Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	46,230	31,591	67,399	68,448	78,605	109,922	169,894	369,327
Unrestricted	233,294	238,164	231,345	213,805	246,943	244,046	248,259	249,332
Total governmental activities net assets	$ 279,524	$269,755	$ 298,744	$ 282,253	$ 325,548	$ 353,968	$ 418,153	$ 618,659
Business-type activities								
Invested in capital assets, net of related debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-
Total business-type activities net assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District-wide								
Invested in capital assets, net of related debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	46,230	31,591	67,399	68,448	78,605	109,922	169,894	369,327
Unrestricted	233,294	238,164	231,345	213,805	246,943	244,046	248,259	249,332
Total district net assets	$ 279,524	$269,755	$ 298,744	$ 282,253	$ 325,548	$ 353,968	$ 418,153	$ 618,659

Source: CAFR Scehdule A-1

Interlaken School District
Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,							
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Expenses								
Governmental activities								
Support Services:								
Instruction	$ 177,941	$ 203,620	$ 210,005	$ 268,771	$ 332,194	$ 350,306	$ 337,447	$ 292,988
Student & instruction related services	7,469	11,158	7,350	7,221	-	-	-	10,790
General Administrative and Central Services	37,784	33,445	43,859	36,605	37,201	38,038	30,835	32,985
Pupil transportation	53,191	58,956	55,992	61,921	118,492	156,333	138,301	76,581
Total governmental activities expenses	$ 276,385	$ 307,179	$ 317,206	$ 374,518	$ 487,887	$ 544,677	$ 506,583	$ 413,344
Business-type activities:								
Food service	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-
Total business-type activities expense	-	-	-	-	-	-	-	-
Total district expenses	$ 276,385	$ 307,179	$ 317,206	$ 374,518	$ 487,887	$ 544,677	$ 506,583	$ 413,344
Program Revenues								
Governmental activities:								
Charges for services:								
Instruction (tuition)	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-
Total governmental activities program revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Interlaken School District
Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,							
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Business-type activities:								
Charges for services								
Food service	-	-	-	-	-	-	-	-
Child care	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-
Total business type activities program revenues	-	-	-	-	-	-	-	-
Total district program revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net (Expense)/Revenue								
Governmental activities	$ (276,385)	$ (307,179)	$ (317,206)	$ (374,518)	$ (487,887)	$ (544,677)	$ (506,583)	$ 413,344
Business-type activities	-	-	-	-	-	-	-	-
Total district-wide net expense	$ (276,385)	$ (307,179)	$ (317,206)	$ (374,518)	$ (487,887)	$ (544,677)	$ (506,583)	$ 413,344
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes levied for general purposes, net	$ 233,345	$ 229,141	$ 271,523	$ 286,791	$ 456,042	$ 504,034	$ 496,704	$ 504,494
Unrestricted grants and contributions	58,679	64,530	65,129	61,205	62,935	63,598	70,440	44,713
Payments in lieu of taxes	-	-	-	-	-	-	-	-
Investment earnings	2,294	3,700	8,941	11,573	8,561	4,326	2,025	653
Miscellaneous income	2,243	39	602	17	3,644	1	1,599	63,990
Transfers	-	-	-	-	-	-	-	-
Cancellation of Prior Year Accounts Receivable	-	-	-	(1,559)	-	-	-	-
Total governmental activities	$ 296,561	$ 297,410	$ 346,195	$ 358,027	$ 531,182	$ 571,959	$ 570,768	$ 613,850
Business-type activities:								
Investment earnings	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-
Total district-wide	$ 296,561	$ 297,410	$ 346,195	$ 358,027	$ 531,182	$ 571,959	$ 570,768	$ 613,850
Change in Net Assets								
Governmental activities	$ 20,176	$ (9,769)	$ 28,989	$ (16,491)	$ 43,295	$ 27,282	$ 64,185	$ 200,506
Business-type activities	-	-	-	-	-	-	-	-
Total district	$ 20,176	$ (9,769)	$ 28,989	$ (16,491)	$ 43,295	$ 27,282	$ 64,185	$ 200,506

Source: CAFR Schedule A-2

Interlaken School District
Fund Balances, Governmental Funds,
Last Eight Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	$ 55,320	$ 50,817	$ 67,399	$ 68,448	$ 78,605	$ 109,922	$ 169,894	
Unreserved	224,204	218,938	231,345	213,805	246,943	244,046	248,259	
Restricted								369,327
Committed								
Assigned								
Unassigned								249,332
Total general fund	$ 279,524	$ 269,755	$ 298,744	$ 282,253	$ 325,548	$ 353,968	$ 418,153	$ 618,659
All Other Governmental Funds								
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved								
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total all other governmental funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Beginning with Fiscal Year 2011, the District implemented GASB No. 54, "Fund Balannce Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the reources reported in governmental funds. Reclassification of prior year fund balance amounts to comply wyth Statement No. 54 is not required.

Source: CAFR Schedule B-1

Exhibit J-4

Interlaken School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax levy	$ 253,146	$ 251,955	$ 233,345	$ 229,141	$ 271,523	$ 286,791	$ 456,042	$ 504,034	$ 496,704	$ 504,494
Tuition charges	-	-	-	-	-	-	-	-	-	-
Interest earnings	6,847	3,199	2,294	3,700	8,941	11,573	8,561	4,326	2,025	653
Miscellaneous	4,174	2,377	2,243	39	602	17	3,644	1	1,599	63,990
State sources	30,718	57,718	58,679	64,602	65,129	61,205	62,935	63,598	70,440	44,713
Federal sources	-	-	-	-	-	-	-	-	-	-
Total revenue	$ 294,885	$ 315,249	$ 296,561	$ 297,482	$ 346,195	$ 359,586	$ 531,182	$ 571,959	$ 570,768	$ 613,850
Expenditures										
Instruction										
Home	720	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	211,699	215,043	177,941	203,619	210,005	268,771	332,194	350,306	337,447	292,988
Health Services	4,590	4,393	7,469	9,768	7,350	-	-	-	-	10,790
Other Support Sevices - Special	4,892	354	-	1,390	-	7,221	-	-	-	-
General Administration	11,114	11,870	16,436	11,323	18,938	12,326	12,388	12,432	10,302	15,067
Student Transportation	58,669	60,963	51,153	56,551	53,266	59,408	116,153	149,339	133,436	72,429
Central Services	17,579	18,540	19,445	20,090	22,473	20,774	20,851	22,934	20,208	17,918
Unallocated employee benefits	3,337	3,639	3,941	4,438	5,174	6,018	6,301	9,666	5,190	4,152
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	$ 312,600	$ 314,802	$ 276,385	$ 307,179	$ 317,206	$ 374,518	$ 487,887	$ 544,677	$ 506,583	$ 413,344
Excess (Deficiency) of revenues over (under) expenditures	(17,715)	447	20,176	(9,697)	28,989	(14,932)	43,295	27,282	64,185	200,506
Other Financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Cancellation of Prior Yr. Accounts Receivable	-	-	-	-	-	(1,559)	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(1,559)	-	-	-	-
Net change in fund balances	$ (17,715)	$ 447	$ 20,176	$ (9,697)	$ 28,989	$ (16,491)	$ 43,295	$ 27,282	$ 64,185	$ 200,506
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

Exhibit J-5

Interlaken School District
General Fund Other Local Revenue By Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Prior Year Refunds	Misc.	Total
2002	$ 6,847	$ 4,174	$ -	$ 11,021
2003	3,199	2,377	-	5,576
2004	2,294	2,243	-	4,537
2005	3,700	39	-	3,739
2006	8,941	160	442	9,543
2007	11,573	-	17	11,590
2008	8,561	-	3,644	12,205
2009	4,326	-	1	4,327
2010	2,025	-	1,599	3,624
2011	653	-	63,990	64,643

Source: District Records

Interlaken School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Estimated Actual (County Equalized Value)
2002	$526,200	$87,448,900	$0	$0	$0	$0	$0	$87,975,100	$0	$69,158	$88,044,258	0.286	$127,293,551
2003	1,035,400	195,660,200	0	0	0	0	0	196,695,600	0	101,389	196,796,989	0.119	149,828,691
2004	1,035,400	195,789,300	0	0	0	0	0	196,824,700	0	90,237	196,914,937	0.117	174,736,018
2005	1,057,900	195,769,300	0	0	0	0	0	196,827,200	0	92,196	196,919,396	0.138	209,239,159
2006	1,504,900	195,797,000	0	0	0	0	0	197,301,900	0	68,573	197,370,473	0.145	250,325,886
2007	1,773,900	196,551,200	0	0	0	0	0	198,325,100	0	62,085	198,387,185	0.230	283,587,548
2008	1,504,900	197,265,700	0	0	0	0	0	198,770,600	0	63,222	198,833,822	0.254	294,234,545
2009	1,504,900	197,772,300	0	0	0	0	0	199,277,200	0	107,292	199,385,129	0.249	291,748,719
2010	1,504,900	197,901,800	0	0	0	0	0	199,406,700	0	76,374	199,483,074	0.253	298,233,690
2011	1,504,900	198,424,100	0	0	0	0	0	199,929,000	0	63,739	199,992,739	0.215	286,742,711

Source: County Board of Taxation

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per $100

Exhibit J-7

Interlaken Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $100 of assessed value)
Unaudited

Fiscal Year Ended June 30,	Interlaken Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Borough of Interlaken	Library/Other	Monmouth County	
2002	0.286	0.000	0.286	1.380	0.055	0.580	2.301
2003	0.119	0.000	0.119	0.661	0.033	0.283	1.096
2004	0.117	0.000	0.117	0.714	0.034	0.296	1.161
2005	0.138	0.000	0.138	0.721	0.037	0.318	1.214
2006	0.145	0.000	0.145	0.770	0.039	0.338	1.292
2007	0.230	0.000	0.230	0.789	0.042	0.344	1.405
2008	0.254	0.000	0.254	0.857	0.042	0.334	1.487
2009	0.249	0.000	0.249	0.875	0.042	0.335	1.501
2010	0.253	0.000	0.253	0.938	0.043	0.361	1.595
2011	0.215	0.000	0.215	0.903	0.021	0.382	1.521

Source: District Records and Municipal Tax Collector

Note:

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

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

Exhibit J-8

Interlaken School District
Principal Property Tax Payers,
Current Year and Ten Years Ago
Unaudited

	2011			2001		
Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
1	$ 1,376,600	1	0.69%	$ 634,300	1	0.73%
2	1,221,100	2	0.61%	473,700	6	0.55%
3	1,126,200	3	0.57%	-		0.00%
4	1,106,400	4	0.56%	-		0.00%
5	1,079,300	5	0.54%	417,300	10	0.48%
6	1,075,000	6	0.54%	435,700	7	0.50%
7	1,021,300	7	0.51%	544,800	2	0.63%
8	1,018,000	8	0.51%	-		0.00%
9	1,015,600	9	0.51%	-		0.00%
10	1,012,000	10	0.51%	-		0.00%
11	-			527,600	3	0.61%
12	-			499,200	4	0.57%
13	-			493,200	5	0.57%
14	-			428,700	8	0.49%
15	-			419,600	9	0.48%
Total	$ 11,051,500		5.55%	$ 4,874,100		5.61%

Source: District CAFR & Municipal Tax Assessor

Exhibit J-9

Interlaken School District
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	$253,146	$253,146	100.00%	$ -
2003	251,955	251,955	100.00%	-
2004	233,345	233,345	100.00%	-
2005	229,141	229,141	100.00%	-
2006	271,523	271,523	100.00%	-
2007	286,791	286,791	100.00%	-
2008	456,042	444,142	97.39%	-
2009	504,034	504,034	100.00%	-
2010	496,704	496,704	100.00%	-
2011	504,494	504,494	100.00%	-

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

Exhibit J-10

Interlaken School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income [a]	Per Capita [a]
	General Obligation Bonds [b]	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2002	$ -	$ -	$ -	$ -	$ -	$ -	N/A	$ 43,387
2003	-	-	-	-	-	-	N/A	43,634
2004	-	-	-	-	-	-	N/A	46,545
2005	-	-	-	-	-	-	N/A	48,072
2006	-	-	-	-	-	-	N/A	52,499
2007	-	-	-	-	-	-	N/A	55,826
2008	-	-	-	-	-	-	N/A	57,353
2009	-	-	-	-	-	-	N/A	54,771
2010	-	-	-	-	-	-	N/A	N/A
2011	-	-	-	-	-	-	N/A	N/A

Source: District CAFR

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

Exhibit J-11

Interlaken School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal years
Unaudited

	General Bonded Debt Outstanding				
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2002	-	-	-	0.00%	$ 43,387
2003	-	-	-	0.00%	43,634
2004	-	-	-	0.00%	46,545
2005	-	-	-	0.00%	48,072
2006	-	-	-	0.00%	52,499
2007	-	-	-	0.00%	55,826
2008	-	-	-	0.00%	57,353
2009	-	-	-	0.00%	54,771
2010	-	-	-	0.00%	N/A
2011	-	-	-	0.00%	N/A

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-13.

Interlaken School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2011
Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Borough of Interlaken	465,550	100.000%	465,550
Other debt			
Monmouth County		0.227%	933,207
Subtotal, overlapping debt			1,398,757
Interlaken School District Direct Debt			-
Total direct and overlapping debt			$ 1,398,757

Sources: Interlaken Borough Chief Financial Officer, Monmouth County Finance Office

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

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

Interlaken School District
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

N/A
NON-OPERATING DISTRICT

Interlaken School District
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population [a]	Personal Income (thousands of dollars) [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2002	905	$ -	$ 43,387	3.8%
2003	906	-	43,634	3.8%
2004	904	-	46,545	3.2%
2005	898	-	48,072	4.1%
2006	891	-	52,499	4.2%
2007	884	-	55,826	3.8%
2008	877	-	57,353	5.0%
2009	876	-	54,771	5.0%
2010	876	-	N/A	8.3%
2011	876	-	N/A	8.4%

Source:
[a] Population information provided by the NJ Dept of Labor and Workforce Development
[b] Personal I ncome - not available
[c] Per Capita- US Department of Commerce
[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

Interlaken School District
Principal Employers,
Current Year and Ten Years Ago
Unaudited

	2011			2001		
Employer	**Employees**	**Rank (Optional)**	**Percentage of Total Employment**	**Employees**	**Rank (Optional)**	**Percentage of Total Employment**
Borough of Interlaken	11	1	N/A	10	N/A	N/A
Interlaken Board of Education	0	2	N/A	3	N/A	N/A
	11		0.00%	13		0.00%

Source:
Interlaken Municipal Clerk
(100% residential)

Exhibit J-16

Interlaken School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular										
Special education										
Other special education										
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition										
Student & instruction related services										
General adminsitrative services	1	1	1	1	1	1	1	1	1	0
School administrative services	1	1	1	1	1	1	1	1	1	0
Business adminsitrative services										
Plant operations and maintenance										
Pupil transportation	1	1	1	1	1	1	1	1	1	0
Special Schools										
Food Service										
Child Care										
Total	3	3	3	3	3	3	3	3	3	0

Source: District Personnel Records

Exhibit J-17

Interlaken School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2002	-	-	-	-	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-	-

Note: Non-operating District

Exhibit J-18

Interlaken School District
School Building Information
Last Ten Fiscal Years
Unaudited

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District Building										
Non-operating District										

Source: District records

Exhibit J-19

INTERLAKEN SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

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

School Facilities	Project # (s)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
None - Non-operating District	N/A										

Interlaken School District
Insurance Schedule
For The Fiscal Year Ended June 30, 2011
Unaudted

Company	Type of Coverage	Coverage	Deductible
NJSBAIG	School Package Policy		
	Comprehensive General Liability	$ 6,000,000	
	Comprehensive Autotomobile Liability	6,000,000	1,000
NJSBAIG	Umbrella Liability		
	Umbrella policy	3,000,000	10,000
NJSBAIG	School Board Legal Liability		
	Directors and Officers Policy	1,000,000	1,000
NJSBAIG	Workers' Compensation	Statutory	

Source: District Records

FEDERAL AND STATE ASSISTANCE SECTION

ALVINO & SHECHTER, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS
110 Fortunato Place
Neptune, New Jersey 07753-3767

VINCENT J. ALVINO, CPA, PSA
ALLEN B. SHECHTER, CPA, RMA, PSA

Phone: (732) 922-4222
Fax: (732) 922-4533

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

Exhibit K-1

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

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

We have audited the financial statements of the Board of Education of the Interlaken School District in the County of Monmouth as of and for the year ended June 30, 2011, and have issued our report thereon dated November 24, 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 Interlaken Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Interlaken Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Interlaken Board of Education's internal control over financial reporting.

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

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

Compliance

As part of obtaining reasonable assurance about whether the Interlaken Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government and State Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to the Board of Education of the Interlaken School District in a separate *Auditors Management Report on Administrative Findings Financial, Compliance and Performance* dated November 24, 2011.

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

Allen B. Shechter

Licensed Public School Accountant
No. 2183
ALVINO & SHECHTER, L.L.C.

November 24, 2011

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

Exhibit K-3
SCHEDULE A

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011 Accounts Receivable	Balance at June 30, 2011 Deferred Revenue	Balance at June 30, 2011 Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
None														

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

EXHIBIT K-4
SCHEDULE B

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

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2010 Deferred Revenue (Accts Receivable)	Balance at June 30, 2010 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2011 (Accounts Receivable)	Balance at June 30, 2011 Deferred Revenue/ Interfund Payable	Balance at June 30, 2011 Due to Grantor		MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education																
General Fund:																
Adjustment Aid	11-495-034-5120-085	10,541.00	7/1/10	6/30/11				10,541.00	(10,541.00)					*	187.64	10,541.00
Security Aid	11-495-034-5120-084	1,108.00	7/1/10	6/30/11				1,108.00	(1,108.00)					*	19.71	1,108.00
Special Education Categorical Aid	11-495-034-5120-089	7,636.00	7/1/10	6/30/11				7,636.00	(7,636.00)					*	136.00	7,636.00
Transportation Aid	11-495-034-5120-014	18,235.00	7/1/10	6/30/11				18,235.00	(18,235.00)					*	324.65	18,235.00
Reimbursed Non-Public Transportation Costs Aid	10-100-034-5120-014	4,826.00	7/1/09	6/30/10	(4,826.00)			4,826.00						*		
On Behalf TPAF Pension Contribution	11-495-034-5095-006	58.00	7/1/10	6/30/11				58.00	(58.00)					*		58.00
On Behalf TPAF Post Retirement Contr.	11-495-034-5095-001	1,236.00	7/1/10	6/30/11				1,236.00	(1,236.00)					*		1,236.00
														*		
Total General Fund					($4,826.00)			43,640.00	(38,814.00)					*	668.00	38,814.00
Total State Financial Assistance					($4,826.00)			43,640.00	(38,814.00)					*	668.00	38,814.00

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

Interlaken School District
Notes to Schedules of Expenditures of Awards and Financial Assistance
June 30, 2011

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjusted to reconcile from the budgetary basis to the GAAP basis is $(5,899.00) for the general fund and $.00 for the special revenue fund. See Note A [the Notes to Required Supplementary Information] for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	.00	44,713.00	44,713.00
Special Revenue Fund	.00	.00	.00
Total Awards & Financial Assistance	$ .00	44,713.00	44,713.00

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

INTERLAKEN SCHOOL DISTRICT

Schedule of Findings of Noncompliance

For the Fiscal Year Ended June 30, 2011

NONE