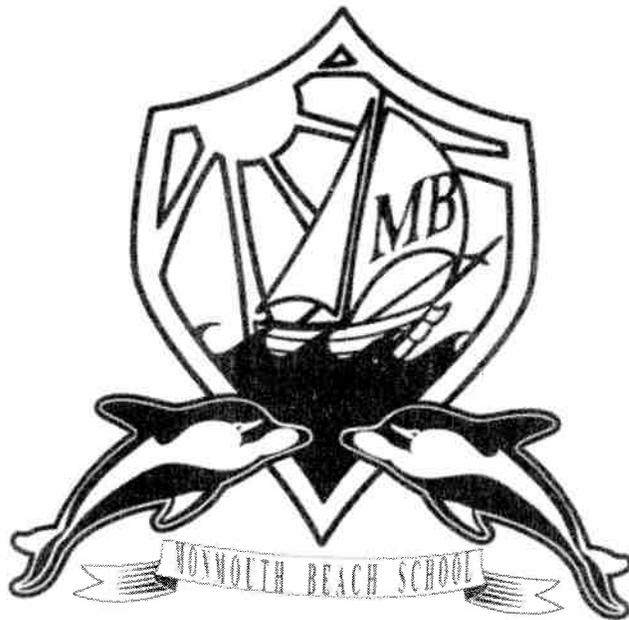


**SCHOOL DISTRICT
OF
MONMOUTH BEACH**



**MONMOUTH BEACH BOARD OF EDUCATION
MONMOUTH BEACH, NEW JERSEY**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**MONMOUTH BEACH
BOARD OF EDUCATION**

MONMOUTH BEACH, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY

**MONMOUTH BEACH BOARD OF EDUCATION
FINANCE DEPARTMENT**

MONMOUTH BEACH SCHOOL DISTRICT

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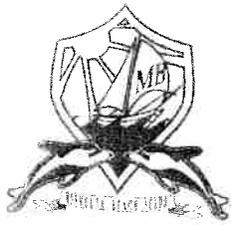
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INTRODUCTORY SECTION



www.mbschool.org

MONMOUTH BEACH SCHOOL

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September 8, 2011

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections as follows:

The Introductory Section includes the Letter of Transmittal, the District's Organizational Chart, and a list of Principal Officials.

The Financial Section includes the General Purpose Financial Statements and Schedules, the Independent Auditor's and the Management's Discussion and Analysis.

The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The Single Audit Section: The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as amended and the U.S. Office of Management and Budget Circular A - 133, "Audits of State and Local Governments," and the State Treasury Circular A-04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES:

Monmouth Beach School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14 and Statement 34. All funds and account groups of the District are included in this report. The Monmouth Beach Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-School through Eighth Grade. These services include regular as well as special education disabled youngsters. The District completed the 2010-2011 fiscal year with an enrollment of 309 students. In addition, 3 students were sent out of the district for specialized education. The following details the changes in the student enrollment within the district over the last thirteen years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2010-11	305.6	-4.32
2009-10	319.4	.06
2008-09	319.6	-2.17
2007-08	326.7	4.75
2006-07	311.9	-1.11
2005-06	315.4	-1.04
2004-05	318.7	1.34
2003-04	314.5	3.59
2002-03	303.6	-0.69
2001-02	305.7	0.39
2000-01	304.5	1.57
1999-00	299.8	-3.66
1998-99	311.2	1.30
1997-98	307.2	2.13
1996-97	300.8	5.03
1995-96	286.4	4.15
1994-95	275.0	5.00
1993-94	261.9	4.43
1992-93	250.8	0.00

ECONOMIC CONDITION AND OUTLOOK:

As a result of the District's efforts over the past several years, the financial status of the Monmouth Beach School continues to remain stable and many accomplishments have occurred as a result. Funds continue to be set aside for capital projects. Capital improvements were made and/or completed during the summers of 2002 through 2011, including new HVAC units and ceiling and lighting replacement throughout the school, replacement of classroom closets, playground surfaces and upgrade of gymnasium. The improved financial picture and proactive planning have allowed the

district to renovate facilities, increase staff development, review curriculum needs and upgrade instructional materials (as per the curriculum review cycle), as well as provide technological improvements as per the district's technology plan (i.e. a wireless school, SMARTboards, video-conference equipment, mobile labs). As a result, the District is better prepared to meet the challenge of preparing all students for the future.

The above has permitted the District to have a much improved economic condition and a brighter outlook for the future. The improved educational facility, a Long Range Facility Plan that includes ongoing upgrades of the building, a "stabilized" budget, and ongoing community support will continue to contribute to this improved economic condition and outlook.

MAJOR INITIATIVES:

The district continued throughout the year to refine, expand or re-evaluate its programs and to provide many opportunities for staff development, in and outside of the district. This initiative is meant to assure that students score above the State averages on State Assessments and above National averages on standardized assessments. The district also completed the State's QSAC monitoring program during the 2008-2009 school year, successfully completing all areas and classified "a high performing district." AYP (Adequate Yearly Progress) has also been annually achieved.

The district has integrated technology components throughout the curriculum. The upgrading of technology hardware and software and the training of staff members is an ongoing project (i.e. becoming a wireless school, video conference equipment, SMARTBoards). Administrative software, library software, and teacher tools (i.e. grading software, website) are continually expanded and improved. A technology consultant was employed to assure the district was moving in the right direction and to lend assistance with the implementation of our Technology Plan.

Professional development opportunities occur on many levels. As part of faculty meetings, mandated topics, such as HIB (Harassment, Intimidation & Bullying), sexual harassment, affirmative action, right-to-know and bloodborne pathogens, are reviewed and updated. Specific staff members attend monthly meetings of organizations related to their professional responsibilities. These include, but not limited to, meetings for special education, gifted and talented, technology educators, careers, and substance abuse.

Professional staff development days are held throughout the year to provide opportunities for staff members to increase their knowledge and skills. During the 2010-2011 school year, staff development days focused on technology, health issues, character education, anti-bullying, special education, writing, and the core-curriculum content standards. The 2010-2011 school year will focus again on the infusion of technology, Response to Intervention (RTI), special education, anti-bullying, writing, Wilson Reading, autism, ABA, Balanced literacy initiatives, and the new "common core" curriculum with an emphasis on differentiated instruction.

Finally, opportunities are provided for staff members to attend workshops to support the district's initiatives and individual professional improvement plans. For the 2010-2011 school year their opportunities included the following:

Language Arts Literacy

- Core Curriculum Standards and Framework Review
- Curriculum articulation with neighboring districts
- The Newly Adopted Common Core Standards in English, Language Arts (five staff members)
- Wilson Reading Introductory Workshop
- Wilson – Introductory/applied Methods Training – Three Days (two staff members)
- Wilson Reading Training – Just Words – Two Day Seminar – two days (two staff members)
- Differentiated Instruction in the Language Arts Class (K-6)
- Annual Conference on Reading and Writing at Rutgers University
- Middle Level Readers Workshop at Oceanport School District (four staff members)
- Reader's Workshop (language arts teachers)
- Teachers College Reading and Writing Project (eight staff members)
- Balance Literacy (language arts teachers)

Mathematics

- Core Curriculum Standards and Framework Review
- Curriculum articulation with neighboring districts
- Study Island Training in Math (new staff members)
- The Newly Adopted Common Core Standards in Mathematics (five staff members)
- Math Strategies for Improving NJ ASK Scores
- Algebra End of Year Exam
- Math Activities to Prepare for NJASK 6-8

Science

- Core Curriculum Standards and Framework Review
- Curriculum articulation with neighboring districts
- New Jersey Science Convention
- Explore the Western Monarch Sanctuaries

Social Studies

- Core Curriculum Standards and Framework Review
- Curriculum articulation with neighboring districts

World Language

- Core Curriculum Standards and Framework Review
- Curriculum articulation with neighboring districts

Visual and Performing Arts

- Core Curriculum Standards and Framework Review
- Curriculum articulation with neighboring districts
- Music Lasts Lifetime 2011 - NJMEA

Comprehensive Health and Physical Education

Core Curriculum Standards and Framework Review
 Curriculum articulation with neighboring districts
 NJ Association for Health, Physical Education, Recreation and Dance Annual Convention
 New Jersey PEOSH Indoor Air Quality Training
 Juvenile Arthritis
 Suicide Prevention Workshop
 Pediatric Hypertension
 Head Inquiry & Sport Concussions
 Evaluation of Sore Throats for School Nurses, Pediatric Dental Emergencies
 Head and Back Injuries
 Meeting the Challenge of a Changing School Health Environment
 Exploring Epilepsy
 Homeless State Law and Code and Behavioral Health Services
 Allergies, Anaphylaxis, and Asthma Updates
 Communicable Disease Reporting: Bed Bugs – Why Now

Career Education and Consumer, Family and Life Skills / Cross Content Readiness / Media

Core Curriculum Standards and Framework Review
 Curriculum articulation with neighboring districts

Special Education

Core Curriculum Standards and Framework Review
 Curriculum articulation with neighboring districts
 ABA/ABLLS Training with Lauren Clark (all staff members)
 ABLLS Training with Lauren Clark (three staff members)
 ABA Training and Observation (two staff members)
 CNNH Autism Workshop at West Long Branch (two staff members)
 Lesson Planning with Differentiated Instruction to Support Students with Disabilities in General Education Classroom – Two Day Workshop (two staff members)
 Data Collection Workshop at Douglass Developmental Disabilities Center (two staff members)
 Demonstration of Correct Teaching Procedures for Young Students with Autism (two staff members)
 Teaching Functional Communication Skills to Vocal and Non-Vocal Learners
 Facilitating Inclusion through DI in General Education Focus Math Two Day Workshop (two staff members)
 Teaching Verbal Behavior to Students with Autism Using Intensive Teaching Verbal Behavior Strategies (two staff members)
 Teaching Functional Communication Skills to Vocal and Non-Vocal Learners (two staff members)
 Accountability with Effective Behavioral Intervention: Best Practices in Developing Measurable IEP Goals
 Including Students on the Autism Spectrum: Strategies for Success (two staff members)

Transitioning Students with Disabilities to and within General Education (three staff members)

IEP Decision Making Process: Emphasis on Least Restrictive Environment
Administrators – Building a Comprehensive Program for Learners with Autism

Technological Literacy

Core Curriculum Standards and Framework Review
Curriculum articulation with neighboring districts
Grade Quick Training (all staff members)
Edline Training for entire staff on new website
Annual NJ Association for Educational Technology Conference
NJASA Techspo 2011 Convention
Discussing 1:1 Student Laptop/Tablet Best Practices (two staff members)
NJ Assoc. for Educational Technology – Riding the Tech Wave
SmartBoard Training (all staff members)

Miscellaneous

Education of Homeless Children and Youth Program – Homeless Liaison Meetings
Supervision and Evaluation: State and Federal Information on Efforts to Revise Process
Role of Student Achievement in an Era of Accountability
Aligning Staff Evaluation Procedures and Practices to Promote Student Achievement
Foundation for Educational Administration – Supervision and Evaluation
NJ ASK District Test Coordinator Training
Intimidation in the Schools: Bullying, Child Abuse, and Sex and Technology (two staff members)
NJ School Counselors Association Annual Fall Conference
Right to Know Training – Initial Training and Refresher (all staff members)
Monmouth County Professional Development Committee Meetings
Regional Articulation Inservice (all staff members)
Character Education – Positive Ways to Thrive During Waves of Change (all staff members)
Security Drill Training (all staff members)
Unpacking the Core Curriculum Standards – Bruce Preston (all staff members)
Gang Awareness Training – Mon. Co. Sheriff Dept. (all staff members)
CPR Training (ten staff members)
Right to Know Training (nine new staff members)
Test Prep (State, NJPASS, & TerraNova) all staff members
Affirmative Action – Procedures (all staff members)
Child Abuse – Procedures (all staff members)
Asbestos – Practices / Procedures (all staff members)
Pest Management – Practices (all staff members)
Bloodborne Pathogens (all staff members)
Food Allergies and Eip-Pen Training (all staff members)
Automatic External Defibrillator Training (all staff members)

Bullying and Harassment (all staff members)
 On-Line Suicide Prevention (all staff members)
 Professional Learning Communities/Response to Intervention (all staff members)
 Professional Development Plan and Diabetes (all staff members)
 Coach/Advisor Meeting and CPR
 Learnia Training (all staff members)

INTERNAL ACCOUNTING CONTROLS:

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

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

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

BUDGETARY CONTROLS:

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

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

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.

CASH MANAGEMENT:

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

RISK MANAGEMENT:

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

OTHER INFORMATION:

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

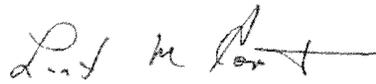
ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Monmouth Beach School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Neil Frankenfield
Superintendent



Linda M. Considine
Business Administrator/
Board Secretary

**MONMOUTH BEACH BOARD OF EDUCATION
MONMOUTH BEACH, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2011**

Members of the Board of Education

Term Expires

Paul Sgro, President	2013
David Baker, Vice President	2012
Dianne Bolsch	2013
Marie Cantelmo	2014
Jennifer DiLorenzo	2013
Brian McAndrew	2012
Sandi Gardner	2014
David Roberts	2014
Kirk Ruoff	2012

Other Officials

Neil Frankenfield, Superintendent/Principal

Linda M. Considine, School Business Administrator/Board Secretary

James Cunniff, Treasurer

Douglas J. Kovats, Esq.

Kenney, Gross, Kovats and Parton

**MONMOUTH BEACH BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

Audit Firm

**Robert A. Hulsart and Company
2807 Hurley Pond Road
P.O. Box 14980
Wall, New Jersey 07719**

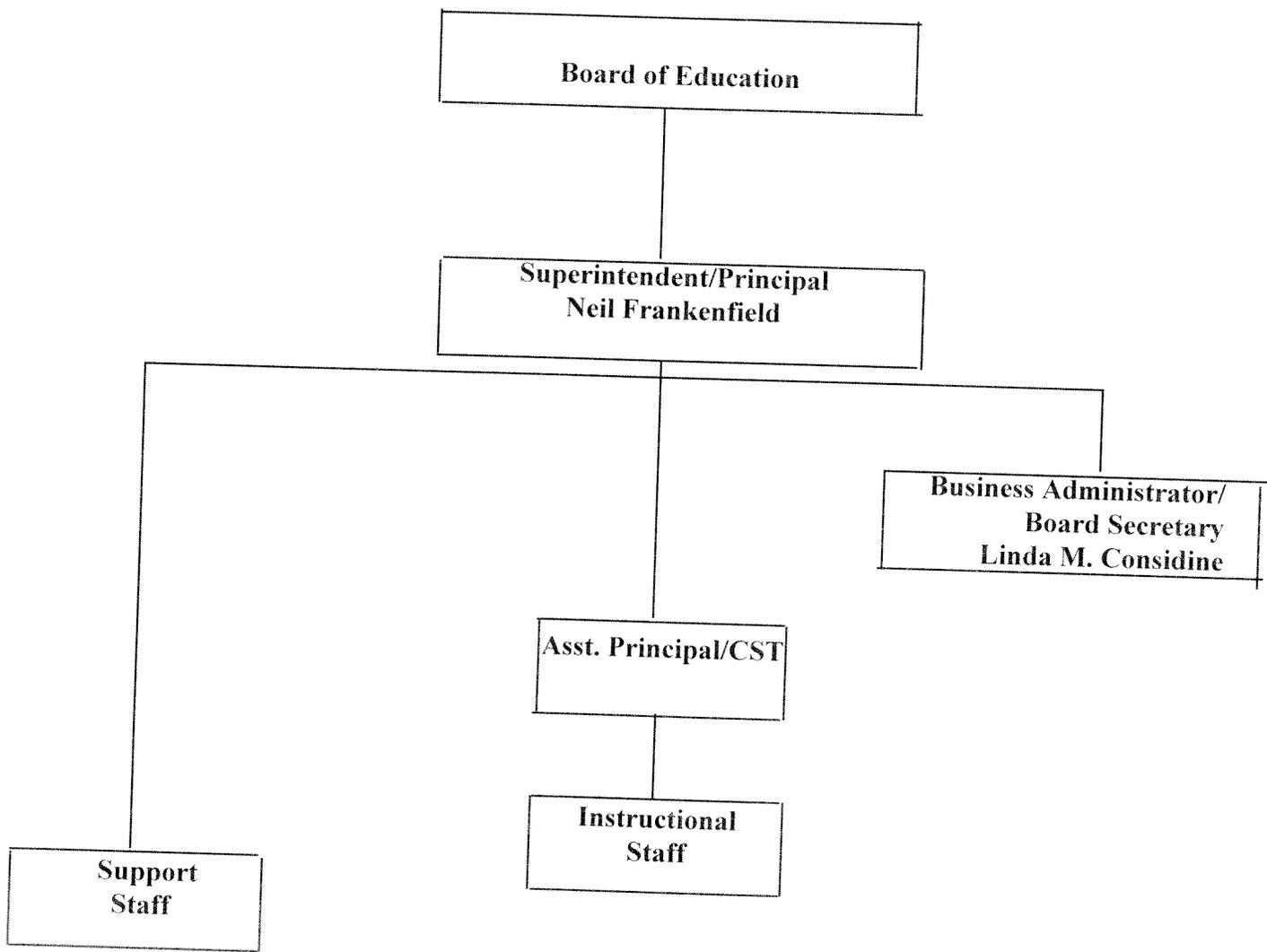
Attorney

**Douglas J. Kovats, Esq.
Kenney, Gross, Kovats, Campbell & Parton
130 Maple Avenue
P.O. Box 8610
Red Bank, New Jersey 07701**

Official Depositories

**Investor Savings Bank
169 Broadway
Long Branch, New Jersey 07740**

**MONMOUTH BEACH
BOARD OF EDUCATION
Organizational Chart
(Unit Control)**



FINANCIAL SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

12.

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Monmouth Beach School District
County of Monmouth
Monmouth Beach, 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 Monmouth Beach School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Monmouth Beach Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2011, on our consideration of the Monmouth Beach Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 16 through 23 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of 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 opinions on the financial statements that collectively comprise the Monmouth Beach Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

September 8, 2011

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL

REPORTING AND ON COMPLIANCE AND OTHER MATTERS

BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED

IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

K-1

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

We have audited the general-purpose financial statements of the Board of Education of the Monmouth Beach School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated September 8, 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 Monmouth Beach 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 Monmouth Beach Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Monmouth Beach Board of Education's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

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

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

September 8, 2011

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

BOROUGH OF MONMOUTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

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

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

Financial Highlights

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

- General revenues accounted for \$4,804,634 in revenue or 99% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$87,789 or 1% percent to total revenues.
- Total assets of governmental activities increased by \$459,538.
- The School District had \$4,432,885 in expenses; only \$87,789 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,804,634 were adequate to provide for these programs.
- The General Fund had \$4,409,789 in revenues and \$4,048,691 in expenditures. The General Fund's balance increased \$199,973 from 2010.

Using this Comprehensive Annual Financial Report (CAFR)

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

Using this Comprehensive Annual Financial Report (CAFR) – (Continued)

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Monmouth Beach School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

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

	Table 1	
	Net Assets	
	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current and Other Assets	\$ 1,830,252	1,607,707
Capital Assets, Net	<u>4,733,325</u>	<u>4,502,062</u>
Total Assets	<u>\$ 6,563,577</u>	<u>6,109,769</u>
<u>Liabilities</u>		
Long-Term Liabilities	\$ 2,533,590	2,785,039
Other Liabilities	<u>169,750</u>	<u>119,472</u>
Total Liabilities	<u>\$ 2,703,340</u>	<u>2,904,511</u>

Table 1
Net Assets (Continued)

	<u>2011</u>	<u>2010</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Debt	\$ 2,193,325	1,812,062
Restricted	1,574,739	1,384,994
Unrestricted	<u>92,173</u>	<u>8,202</u>
Total Net Assets	<u>\$ 3,860,237</u>	<u>3,205,258</u>

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

Table 2
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 4,237	5,102
Operating Grants and Contributions	83,552	114,325
General Revenues		
Property Taxes	4,251,265	4,094,741
Grants and Entitlements	381,656	727,507
Other	<u>171,713</u>	<u>367,134</u>
Total Revenues	<u>4,892,423</u>	<u>5,308,809</u>
<u>Program Expenses</u>		
Instruction	1,887,882	2,069,053
Support Services		
Pupils and Instructional Staff	484,132	419,704
General Administration, School Administration,		
Business	1,505,345	1,501,664
Operations and Maintenance of Facilities	339,464	329,648
Pupil Transportation	108,297	125,001
Interest on Debt	100,945	128,696
Food Service	<u>6,820</u>	<u>7,223</u>
Total Expenses	<u>4,432,885</u>	<u>4,580,989</u>
Increase in Net Assets	<u>\$ 459,538</u>	<u>727,820</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 91 percent of revenues for governmental activities for the Monmouth Beach School District for fiscal year 2011. The District's total revenues were \$4,409,789 for the fiscal year ended June 30, 2011.

Business-Type Activities

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

- Food service expenses exceeded revenue by \$583.
- Charges for services represent \$4,237 of revenue. This represents amount paid by patrons for daily food services.
- Federal reimbursements for special milk was \$2,000.

Governmental Activities

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

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

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

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

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

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

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

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

Governmental Activities (Continued)

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

Other includes unallocated depreciation and amortization.

School Board Funds

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

As the School Board completed the fiscal year ended June 30, 2011, it reported a combined net asset balance of \$3,860,237. The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

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

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

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

The General Fund finished the fiscal year at \$1,552,500, an increase of \$199,973 from 2009-2010.

The excesses will be carried forward into the beginning fund balance for the 2010-2011 fiscal year and will be used to fund the 2011-2012 fiscal budget to the extent of \$500,701, excess surplus of \$294,258 will fund the 2012-2013 budget.

Capital Assets

At June 30, 2011, the School Board had approximately \$7,563,147 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2011 fiscal year.

Table II	<u>Governmental</u>	<u>Business Type</u>
Capital Assets at June 30, 2011	<u>Activities</u>	<u>Activities</u>
Land	\$ 47,821	
Buildings & Sites	4,542,849	
Machinery and Equipment	<u>140,774</u>	<u>1,881</u>
Total	<u>\$ 4,731,444</u>	<u>1,881</u>

Debt Administration

At June 30, 2011 the School District had \$2,663,590 as outstanding debt. Of this amount \$123,590 is for compensated absences, and the balance \$2,540,000 for bonds for school construction.

Economic Factors and Next Year's Budget

The Monmouth Beach School District is in very good financial condition presently. Future finances are not without challenges as state funding is decreased.

The Borough of Monmouth Beach is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

For the 2010-2011 school year, the School Board was able to sustain its general fund budget through the local tax levy, state education aid, federal aid, tuition and local revenue sources. Approximately 8% of the School Board's general fund revenue is from State Aid 91% of total revenue is from local tax levy, and 1% is from miscellaneous revenue, which among other things includes interest on deposits.

Economic Factors and Next Year's Budget (Continued)

The \$90,850 is unrestricted net assets for all governmental activities represent the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a surplus of \$90,850.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Linda Considine, School Business Administrator/Board Secretary at Monmouth Beach Board of Education, 9 Hastings Place, Monmouth Beach, NJ 07739.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

MONMOUTH BEACH SCHOOL DISTRICTSTATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 99,225	1,269	100,494
Receivables, Net	215,600	54	215,654
Restricted Assets:			
Cash and Cash Equivalents	1,243,482		1,243,482
Capital Reserve Account- Cash	270,622		270,622
Capital Assets, Net	<u>4,731,444</u>	<u>1,881</u>	<u>4,733,325</u>
Total Assets	<u>\$ 6,560,373</u>	<u>3,204</u>	<u>6,563,577</u>
<u>Liabilities</u>			
Accrued Interest	\$ 39,750		39,750
Noncurrent Liabilities:			
Due Within One Year	130,000		130,000
Due Beyond One Year	<u>2,533,590</u>		<u>2,533,590</u>
Total Liabilities	<u>\$ 2,703,340</u>	<u>-</u>	<u>2,703,340</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	\$ 2,191,444	1,881	2,193,325
Restricted For:			
Capital Projects	264,739		264,739
Debt Service	11,690		11,690
Other Purposes	1,298,310		1,298,310
Unrestricted	<u>90,850</u>	<u>1,323</u>	<u>92,173</u>
Total Net Assets	<u>\$ 3,857,033</u>	<u>3,204</u>	<u>3,860,237</u>

The accompanying notes to financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular	\$ 1,554,519			(1,554,519)		(1,554,519)
Special Education	242,541		8,884	(233,657)		(233,657)
Other Instruction	90,822			(90,822)		(90,822)
Support Services:						
Tuition	121,403			(121,403)		(121,403)
Student & Instruction Related Services	362,729		72,668	(290,061)		(290,061)
School Administrative Services	208,678			(208,678)		(208,678)
General and Business Administrative Services	234,043			(234,043)		(234,043)
Plant Operations and Maintenance	339,464			(339,464)		(339,464)
Pupil Transportation	108,297			(108,297)		(108,297)
Business and Other Support Services	856,298			(856,298)		(856,298)
Interest on Long-Term Debt	100,945			(100,945)		(100,945)
Unallocated Depreciation	206,326			(206,326)		(206,326)
Total Government Activities	4,426,065	-	81,552	(4,344,513)	-	(4,344,513)
Business-Type Activities:						
Food Service	6,820	4,237	2,000		(583)	(583)
Total Business-Type Activities	6,820	4,237	2,000	-	(583)	(583)
Total Primary Government	4,432,885	4,237	83,552	(4,344,513)	(583)	(4,345,096)

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				4,015,478		4,015,478
Property Taxes, Levied for Debt Service, Federal and State Aid Not Restricted				235,787		235,787
Miscellaneous				381,656		381,656
Total General Revenues, Special Items, Extraordinary Items and Transfers				4,804,634	-	4,804,634
Change in Net Assets				460,121	(583)	459,538
Adjustment of Beginning Net Assets				191,654		191,654
Net Assets - Beginning				3,205,258	3,787	3,209,045
Net Assets - Ending	\$ -			3,857,033	3,204	3,860,237

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 1,397,535		206,045	9,749	1,613,329
Due From Other Funds	145,027			1,941	146,968
Receivables from Other Governments	9,938	7,901	197,761		215,600
Total Assets	<u>\$ 1,552,500</u>	<u>7,901</u>	<u>403,806</u>	<u>11,690</u>	<u>1,975,897</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Interfund Payable	\$	7,901	139,067		146,968
Total Liabilities	-	7,901	139,067	-	146,968
Fund Balance:					
Restricted for:					
Excess Surplus - Prior Year - Designated for Subsequent Years Expenditures	270,701				270,701
Excess Surplus-Current Year	294,258				294,258
Maintenance Reserve	70,031				70,031
Capital Reserve Account	270,622				270,622
Emergency Reserve	70,000				70,000
Committed To:					
Other Purposes	92,698		188,160		280,858
Assigned To:					
Debt Service				11,690	11,690
Designed by the BOE for subsequent Years Expenditures	230,000				230,000
Unassigned:					
Capital Projects			76,579		76,579
General Fund	254,190				254,190
Total Fund Balances	<u>1,552,500</u>	<u>-</u>	<u>264,739</u>	<u>11,690</u>	<u>1,828,929</u>
Total Liabilities and Fund Balance	<u>\$ 1,552,500</u>	<u>7,901</u>	<u>403,806</u>	<u>11,690</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,998,855 and the accumulated depreciation is \$3,267,411. 4,731,444

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3) (2,663,590)

Accrued Interest (39,750)

Net assets of governmental activities \$ 3,857,033

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local Sources:					
Local Tax Levy	\$ 4,015,478			235,787	4,251,265
Interest Earned	1,295				1,295
Miscellaneous	11,360				11,360
Total Local Sources	<u>4,028,133</u>	<u>-</u>	<u>-</u>	<u>235,787</u>	<u>4,263,920</u>
State Sources	381,656				381,656
Federal Sources		81,552			81,552
Total Revenues	<u>4,409,789</u>	<u>81,552</u>	<u>-</u>	<u>235,787</u>	<u>4,727,128</u>
Expenditures					
Current:					
Regular Instruction	1,565,968				1,565,968
Special Education Instruction	233,657	8,884			242,541
Other Instruction	90,822				90,822
Support Services and Undistributed Costs:					
Tuition	121,403				121,403
Student and Instruction Related Services	290,061	72,668			362,729
School Administrative Services	208,678				208,678
Other Administrative Services	234,043				234,043
Plant Operations and Maintenance	339,464				339,464
Pupil Transportation	108,297				108,297
Unallocated Benefits	856,298				856,298
Debt Service:					
Principal				150,000	150,000
Interest and Other Charges				113,606	113,606
Capital Outlay			417,823		417,823
Total Expenditures	<u>4,048,691</u>	<u>81,552</u>	<u>417,823</u>	<u>263,606</u>	<u>4,811,672</u>

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

MONMOUTH BEACH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	361,098	-	(417,823)	(27,819)	(84,544)
Other Financing Sources (Uses):					
Cancel Encumbrances			14,391		14,391
Proceeds From Refinancing			(90,661)	37,567	37,567
Cancel State Receivable			197,761		(90,661)
State of N.J. EDA Grant	135,516		(137,457)	1,941	197,761
Due from Capital	(296,641)		296,641		-
Transfer to Capital Projects	(161,125)		280,675	39,508	-
Total Other Financing Sources (Uses)		-	280,675	39,508	159,058
Net Change in Fund Balances	199,973	-	(137,148)	11,689	74,514
Fund Balance - July 1	1,352,527		213,727	1	1,566,255
Fund Balance - June 30	<u>\$ 1,552,500</u>	<u>-</u>	<u>76,579</u>	<u>11,690</u>	<u>1,640,769</u>

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

MONMOUTH BEACH SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ 74,514
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	(206,326)	
Capital Outlays	<u>417,823</u>	
		211,497
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		150,000
Compensated Absences		11,449
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		<u>12,661</u>
Change in Net Assets of Governmental Activities		<u>\$ 460,121</u>

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

STATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDS

JUNE 30, 2011

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,269
Accounts Receivable:	
Federal	54
Total Current Assets	<u>1,323</u>
Noncurrent Assets:	
Equipment	8,061
Less: Accumulated Depreciation	<u>(6,180)</u>
Total Noncurrent Assets	<u>1,881</u>
Total Assets	<u><u>\$ 3,204</u></u>
 <u>Net Assets</u>	
Investment in Capital Assets	\$ 1,881
Unrestricted	<u>1,323</u>
Total Net Assets	<u><u>\$ 3,204</u></u>

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

MONMOUTH BEACH SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET ASSETSPROPRIETARY FUNDSJUNE 30, 2011

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 4,237
Total Operating Revenue	<u>4,237</u>
Operating Expenses:	
Cost of Sales	6,283
Depreciation	<u>537</u>
Total Operating Expenses	<u>6,820</u>
Operating (Loss)/Profit	(2,583)
Non-Operating Revenues:	
Federal Sources:	
Special Milk Program	<u>2,000</u>
Total Non-Operating Revenues	<u>2,000</u>
Change in Net Assets	(583)
Net Assets, July 1	<u>3,787</u>
Net Assets, June 30	<u>\$ 3,204</u>

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

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDS

JUNE 30, 2011

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 4,307
Payments to Suppliers	(6,283)
Net Cash Used by Operating Activities	<u>(1,976)</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	<u>2,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,000</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	24
Cash and Cash Equivalents July 1	<u>1,245</u>
Cash and Cash Equivalents June 30	<u><u>\$ 1,269</u></u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (2,583)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	537
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	<u>70</u>
Net Cash Used by Operating Activities	<u><u>\$ (1,976)</u></u>

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

MONMOUTH BEACH SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

Exhibit B-7

FIDUCIARY FUNDS

JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 3,745</u>
Total Assets	<u><u>\$ 3,745</u></u>
Net Assets:	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 3,745</u>
Total Net Assets	<u><u>\$ 3,745</u></u>

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

MONMOUTH BEACH SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Exhibit B-8

FIDUCIARY FUNDSJUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
<u>Additions</u>	
Contributions	\$ 37,154
Other	<u>37,154</u>
Total Contributions	
Investment Earnings:	
Interest	<u>61</u>
Net Investments Earnings	<u>61</u>
Total Additions	<u>37,215</u>
<u>Deductions</u>	
Unemployment Claims	<u>58,898</u>
Total Deductions	<u>58,898</u>
Change in Net Assets	(21,683)
Net Assets - Beginning of Year	<u>25,428</u>
Net Assets - End of the Year	<u><u>\$ 3,745</u></u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
MONMOUTH BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Monmouth Beach School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Monmouth Beach School District had an approximate enrollment at June 30, 2011 of 317 students.

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

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

B. Government-Wide Financial Statements

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

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

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

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

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

E. Basis of Accounting:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)**F. Budgets/Budgetary Control:**

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

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

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

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

Notes to Required Supplementary Information
Budgetary Comparison Schedule

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 4,384,699	81,552

Difference – budget to GAAP:

Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	25,747	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	____(657)	_____
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds.	<u>\$ 4,409,789</u>	<u>81,552</u>
 <u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) “total outflows” from the budgetary comparison schedule	\$ 4,048,691	81,552
 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.	_____	_____
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	<u>\$ 4,048,691</u>	<u>81,552</u>

G. Encumbrances:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses

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

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

J. Capital Assets and Depreciation

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

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2010-2011 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2011, fiscal year 2011 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)J. Capital Assets and Depreciation (Continued)

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>
Governmental Activities:				
Capital Assets that are Not Being Depreciated:				
Land	\$ 47,821			47,821
Construction in Progress	<u>370,262</u>	<u>385,877</u>	_____	<u>756,139</u>
Total Capital Assets Not Being Depreciated	<u>418,083</u>	<u>385,877</u>	_____	<u>803,960</u>
Depreciable Assets:				
Buildings & Sites	6,365,244			6,365,244
Equipment	<u>779,820</u>	<u>49,831</u>	_____	<u>829,651</u>
Totals at Historical Cost	<u>7,145,064</u>	<u>49,831</u>	_____	<u>7,194,895</u>
Less: Accumulated Depreciation for:				
Buildings	(2,406,451)	(172,083)		(2,578,534)
Equipment	<u>(654,634)</u>	<u>(34,243)</u>	_____	<u>(688,877)</u>
Total Accumulated Depreciation	<u>(3,061,085)</u>	<u>(206,326)</u>	_____	<u>(3,267,411)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>4,083,979</u>	<u>(156,495)</u>	_____	<u>3,927,484</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,502,062</u>	<u>229,382</u>	_____	<u>4,731,444</u>
Business-Type Activities:				
Equipment	\$ 8,061			8,061
Less: Accumulated Depreciation for:				
Equipment	<u>(5,643)</u>	<u>(537)</u>	_____	<u>(6,180)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,418</u>	<u>(537)</u>	_____	<u>1,881</u>
Depreciation expense was charged to governmental functions as follows:				
Unallocated				<u>\$ 206,326</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

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

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

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

L. Deferred Revenue

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

M. Long-Term Obligations

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

N. Fund Equity

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

O. Tuition Receivable

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

P. Tuition Payable

Tuition charges for the fiscal year 2010-2011 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

Investments

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

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

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

FDIC	\$ 100,000
GUPDA	<u>1,730,080</u>
	<u>\$ 1,830,080</u>

NOTE 2: Cash and Cash Equivalents and Investments (Continued)

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

	Cash and Cash Equivalents
Interest Bearing Checking Accounts	<u>\$ 1,673,612</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2011 was \$1,673,612 and the bank balance was \$1,830,080. Of the bank balance \$100,000 was covered by federal depository insurance and \$1,730,080 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

New Jersey Cash Management Fund

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

NOTE 3: General Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	Amounts Due Within One Year	Long-Term Portion
Compensated Absences Payable	\$ 135,039		11,449	123,590		123,590
Bonds Payable	<u>2,690,000</u>	_____	<u>150,000</u>	<u>2,540,000</u>	<u>130,000</u>	<u>2,410,000</u>
	<u>\$ 2,825,039</u>	_____	<u>161,449</u>	<u>2,663,590</u>	<u>130,000</u>	<u>2,533,590</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2012	\$ 130,000	95,400	225,400
2013	135,000	91,500	226,500
2014	135,000	87,450	222,450
2015	145,000	84,750	229,750
2016-2020	145,000	81,488	226,488
2021-2025	835,000	320,250	1,155,250
2026	<u>1,015,000</u>	<u>124,200</u>	<u>1,139,200</u>
	<u>\$ 2,540,000</u>	<u>885,038</u>	<u>3,425,038</u>

Refinancing bonds 3/25/10 for \$2,580,000 at interest from 2.00% to 5.00% maturing 2/21/26 with a balance of \$2,540,000 at June 30, 2011.

B. Bonds Authorized But Not Issued

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

NOTE 4: Pension Plans

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

NOTE 4: Pension Plans (Continued)

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

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

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

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

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

NOTE 4: Pension Plans (Continued)

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

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/11	\$ 28,951	100%	\$ 0
6/30/10	20,173	100%	0
6/30/09	10,026	100%	0

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/11	\$ 165,366	100%	0
6/30/10	142,152	100%	0
6/30/09	125,177	100%	0

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$165,366 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$159,072 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

NOTE 5: Post-Retirement Benefits

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

NOTE 5: Post-Retirement Benefits (Continued)

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

NOTE 6: Contingent Liabilities

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

NOTE 7: Equity Balance

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

Restricted For:	
Capital Reserve	\$ 270,622
Emergency Reserve	70,000
Maintenance Reserve	70,031
Excess Surplus	294,258
Designated for Subsequent Year's Expenditures – Excess Surplus	270,701
Assigned to:	
Year-End Encumbrances	92,698
Designated for Subsequent Year's Expenditures	230,000
Unassigned:	
General Fund	<u>254,847</u>
	<u>\$ 1,553,157</u>

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

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

2% Calculation of Excess Surplus

2010-11 Total General Fund Expenditures Per the CAFR	\$ 4,048,691
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(324,438)</u>
Adjusted 2010-11 General Fund Expenditures	<u>\$ 3,724,253</u>
2% of Adjusted 2010-11 General Fund Expenditures	<u>\$ 74,485</u>
Enter Above or \$250,000 Whichever is Greater	\$ 250,000
Increased by: Allowable Adjustment	<u>4,847</u>
Maximum Unassigned Fund Balance	<u>\$ 254,847</u>

NOTE 7: Equity Balance

Total General Fund – Fund Balance @ 6-30-11	\$ 1,553,157
Decreased by:	
Year-End Encumbrances	(92,698)
Other Restricted Fund Balance	(410,653)
Legally Restricted – Excess Surplus - Designated for Subsequent Year's Expenditures	(270,701)
Assigned Fund Balance - Unreserved – Designed for Subsequent Year's Expenditures	<u>(230,000)</u>
Total Unassigned Fund Balance	<u>\$ 549,105</u>
Restricted Fund Balance - Excess Surplus	<u>\$ 294,258</u>
<u>Recapitulation of Excess Surplus as of June 30, 2011</u>	
Restricted Excess Surplus – Designated for Subsequent Year's Expenditures	\$ 270,701
Restricted Excess Surplus	<u>294,258</u>
Total	<u>\$ 564,959</u>
<u>Detail of Allowable Adjustments</u>	
Non Public Transportation	<u>\$ 4,847</u>
<u>Detail of Other Restricted Fund Balance</u>	
<u>Statutory Restrictions:</u>	
Capital Reserve	\$ 270,622
Maintenance Reserve	70,031
Emergency Reserve	<u>70,000</u>
Total Other Restricted/Reserved Fund Balance	<u>\$ 410,653</u>

NOTE 8: Risk Management

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

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

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

NOTE 8: Risk Management (Continued)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2008-2009	144	18,845	17,303	12,997
2009-2010	65	65,472	53,106	25,428
2010-2011	61	37,154	58,898	3,754

NOTE 9: INTERFUND RECEIVABLES AND PAYABLES

The following interfunds existed at June 30, 2011:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 145,027	
Special Revenue Fund		7,901
Capital Projects Fund		139,067
Debt Service Fund	<u>1,941</u>	<u> </u>
Totals	<u>\$ 146,968</u>	<u>146,968</u>

NOTE 10: CAPITAL RESERVE ACCOUNT

A Capital Reserve account was established by the Borough of Monmouth Beach Board of Education by inclusion of \$1,000 on September 1, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

Beginning Balance, July 1, 2010	\$ 186,036
Interest Earnings & Transfers	<u>84,586</u>
Ending Balance, June 30, 2011	<u>\$ 270,622</u>

NOTE 11: FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

NOTE 12: FUND BALANCE APPROPRIATED

General Fund – Of the \$1,553,157 General Fund fund balance at June 30, 2011, \$92,698 is year-end encumbrances; \$270,622 has been reserved in the Capital Reserve Account; \$70,000 has been reserved as Emergency Reserve, \$70,031 has been reserved in the Maintenance Reserve Account; \$500,701 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; and \$294,258 has been reserved as excess surplus and \$254,847 is unreserved and undesignated.

NOTE 13: ECONOMIC DEPENDENCY

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

NOTE 14: OPERATING LEASES

The district had one lease:

Copiers purchased 2/01/10 for five years for \$59,843 with \$54,856 unpaid @ 6/30/11.

NOTE 15: RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2010. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2011 through September 8, 2011.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

MONMOUTH BEACH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 4,015,478		4,015,478	4,015,478	-
Interest	550		550	1,295	745
Miscellaneous	17,000		17,000	11,360	(5,640)
Total Local Sources	<u>4,033,028</u>		<u>4,033,028</u>	<u>4,028,133</u>	<u>(4,895)</u>
State Sources:					
Special Education Aid	22,190		22,190	22,190	-
Extraordinary Aid	8,000		8,000	5,091	(2,909)
Non Public Transportation Aid				4,847	4,847
TPAF Pension Contribution (On-Behalf)				165,366	165,366
TPAF Social Security Contribution (Reimbursed)				159,072	159,072
Total State Sources	<u>30,190</u>	<u>-</u>	<u>30,190</u>	<u>356,566</u>	<u>326,376</u>
Total Revenues	<u>4,063,218</u>	<u>-</u>	<u>4,063,218</u>	<u>4,384,699</u>	<u>321,481</u>
Distributed Expenditures:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	161,301		161,301	142,165	19,136
Grades 1-5 - Salaries of Teachers	796,811	2,004	798,815	796,015	2,800
Grades 6-8 - Salaries of Teachers	467,497	(2,004)	465,493	463,219	2,274
Subtotal	<u>1,425,609</u>	<u>-</u>	<u>1,425,609</u>	<u>1,401,399</u>	<u>24,210</u>

MONMOUTH BEACH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Regular Programs - Other:					
Salaries of Teachers	2,000		2,000		2,000
Subtotal	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	32,000	4,000	36,000	35,987	13
Purchased Technical Services	18,000	(562)	17,438	10,218	7,220
Other Purchased Services	22,000		22,000	15,335	6,665
General Supplies	68,263	40,352	108,615	89,145	19,470
Textbooks	35,729		35,729	5,237	30,492
Other Objects	11,150		11,150	8,647	2,503
Subtotal	<u>187,142</u>	<u>43,790</u>	<u>230,932</u>	<u>164,569</u>	<u>66,363</u>
Total Regular Programs - Instruction	<u>1,614,751</u>	<u>43,790</u>	<u>1,658,541</u>	<u>1,565,968</u>	<u>92,573</u>
Special Education Instruction:					
Behavioral Disability					
Salaries of Teachers	26,351	(11,925)	14,426	8,082	6,344
Other Salaries For Instruction	28,000	(28,000)	-		-
Total Behavioral Disability	<u>54,351</u>	<u>(39,925)</u>	<u>14,426</u>	<u>8,082</u>	<u>6,344</u>
Resource Room/Center:					
Salaries of Teachers	131,629	48,050	179,679	179,554	125
Other Salaries for Instruction	38,000	8,000	46,000	44,932	1,068
Purchased Professional Education Services	44,000	(8,000)	36,000	1,089	34,911
General Supplies	2,500		2,500		2,500
Total Resource Room/Center	<u>216,129</u>	<u>48,050</u>	<u>264,179</u>	<u>225,575</u>	<u>38,604</u>

MONMOUTH BEACH SCHOOL DISTRICT

Exhibit C-1
Sheet 3 of 10

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Special Education - Instruction	270,480	8,125	278,605	233,657	44,948
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	54,512		54,512	47,134	7,378
Other Salaries For instruction	20,000		20,000	6,896	13,104
Total Basic Skills/Remedial - Instruction	74,512	-	74,512	54,030	20,482
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	3,500		3,500	3,467	33
Other Objects	3,800		3,800	796	3,004
Total School Sponsored Co-Curricular	7,300	-	7,300	4,263	3,037
School Sponsored Athletics - Instruction:					
Salaries	33,500	(1,238)	32,262	31,021	1,241
Supplies and Materials	4,200	1,238	5,438	1,058	4,380
Other Objects	8,000		8,000	450	7,550
Total School Sponsored Athletics - Instruction	45,700	-	45,700	32,529	13,171
Total Distributed Expenditures	2,012,743	51,915	2,064,658	1,890,447	174,211
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs in State - Special	198,000		198,000	121,403	76,597
Total Instruction	198,000	-	198,000	121,403	76,597

MONMOUTH BEACH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Attendance & Social Work:					
Salaries	100		100	-	100
Total Attendance & Social Work	100	-	100	-	100
Health Services:					
Salaries	53,389	400	53,789	53,588	201
Purchased Professional/Technical Services	3,800	621	4,421	4,421	-
Supplies and Materials	3,000	(1,021)	1,979	1,902	77
Total Health Services	60,189	-	60,189	59,911	278
Other Support Services Students - Related:					
Salaries	39,066	196	39,262	33,885	5,377
Purchased Professional/Technical Services	5,000		5,000	1,305	3,695
Supplies and Materials	2,000	(196)	1,804	1,804	1,804
Total Other Support Services Students - Related	46,066	-	46,066	35,190	10,876
Other Support Services Students-Extraordinary:					
Salaries	15,000	(8,000)	7,000	126	6,874
Other Support Services Students - Special:					
Salaries of Other Professional Staff	135,010		135,010	113,440	21,570
Salaries of Secretarial & Clerical	28,876		28,876	16,991	11,885
Purchased Professional/Educational Services	20,000	8,000	28,000	25,375	2,625
Other Purchased Services	9,000		9,000	4,468	4,532
Supplies and Materials	2,500	47	2,547	1,351	1,196
Other Objects	10,000		10,000	924	9,076
Total Other Support Services Students - Special	205,386	8,047	213,433	162,549	50,884

MONMOUTH BEACH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Improvement Instructional Services:					
Other Purchased Services	3,200		3,200	787	2,413
Supplies and Materials	600		600		600
Other Objects	350		350	124	226
Total Improvement Instructional Services	<u>4,150</u>	<u>-</u>	<u>4,150</u>	<u>911</u>	<u>3,239</u>
Educational Media/Library:					
Salaries	22,193		22,193	21,227	966
Other Professional Technical Services	12,000	1,000	13,000	8,553	4,447
Other Purchased Services	2,000		2,000	895	1,105
Supplies & Materials	2,500		2,500	349	2,151
Total Educational Media/Library	<u>38,693</u>	<u>1,000</u>	<u>39,693</u>	<u>31,024</u>	<u>8,669</u>
Staff Training:					
Other Purchased Services	4,000		4,000	350	3,650
Supplies and Materials	300		300		300
Other Objects	300		300		300
Total Staff Training	<u>4,600</u>	<u>-</u>	<u>4,600</u>	<u>350</u>	<u>4,250</u>

MONMOUTH BEACH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - General Administration:					
Salaries	151,344	9,903	161,247	161,247	-
Legal Services	18,673	(9,529)	9,144	3,835	5,309
Audit Fees	8,000	7,200	15,200	7,200	8,000
Other Purchased Professional Services	13,728	(862)	12,866	6,589	6,277
Purchased Technical Services	3,000	7,094	10,094	9,896	198
Communications/Telephone	11,500	1,155	12,655	9,357	3,298
General Supplies	5,500	(256)	5,244	5,236	8
BOE In-House Training	1,300	(530)	770	770	-
Miscellaneous Expenditures	5,000	327	5,327	5,318	9
BOE Membership Dues and Fees	4,000	2,000	6,000	6,000	-
Total Support Services - General Administration	<u>222,045</u>	<u>16,502</u>	<u>238,547</u>	<u>208,678</u>	<u>29,869</u>
Support Services - School Administration:					
Salaries of Principals/Vice Principals	15,476	4,666	20,142	20,142	-
Salaries of Secretarial & Clerical	100,488	3,211	103,699	100,301	3,398
Supplies & Materials	5,500	(4,915)	585	402	183
Total Support Services - School Administration	<u>121,464</u>	<u>2,962</u>	<u>124,426</u>	<u>120,845</u>	<u>3,581</u>
Central Services:					
Salaries	99,280	864	100,144	99,969	175
Miscellaneous Purchased Services	5,500	1,665	7,165	7,165	-
Supplies and Materials	3,800	(864)	2,936	1,811	1,125
Miscellaneous Expenditures	5,600	(1,665)	3,935	1,586	2,349
Total Central Services	<u>114,180</u>	<u>-</u>	<u>114,180</u>	<u>110,531</u>	<u>3,649</u>

MONMOUTH BEACH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Admin. Information Technology:					
Miscellaneous Purchased Services	2,400	2,000	4,400	2,667	1,733
Total Admin. Information Technology	<u>2,400</u>	<u>2,000</u>	<u>4,400</u>	<u>2,667</u>	<u>1,733</u>
Interest Earned on Maintenance Reserve	50		50		50
Required Maintenance for School Facilities:					
Cleaning Repair & Maintenance	18,441	2,911	21,352	19,175	2,177
Total Required Maintenance for School Facilities	<u>18,441</u>	<u>2,911</u>	<u>21,352</u>	<u>19,175</u>	<u>2,177</u>
Other Operations & Maintenance:					
Salaries	127,015		127,015	115,293	11,722
Cleaning, Repair & Maintenance Services	43,000	13,088	56,088	22,503	33,585
Other Purchased Property Services	4,307	4,581	8,888	8,673	215
Insurance	50,000	689	50,689	50,689	-
General Supplies	23,000	(1,220)	21,780	19,132	2,648
Energy (Heat & Electricity)	75,000	(3,833)	71,167	53,822	17,345
Other Objects	14,000	(1,368)	12,632	12,632	-
Energy-Natural Gas	58,000	(3,304)	54,696	28,839	25,857
Total Other Operations & Maintenance	<u>394,322</u>	<u>8,633</u>	<u>402,955</u>	<u>311,583</u>	<u>91,372</u>
Care & Upkeep of Grounds:					
Other Objects	3,500	4,490	7,990	6,768	1,222
Total Care & Upkeep of Grounds	<u>3,500</u>	<u>4,490</u>	<u>7,990</u>	<u>6,768</u>	<u>1,222</u>
Security:					
Purchased Professional & Technical Services	2,000	710	2,710	1,938	772
Total Security	<u>2,000</u>	<u>710</u>	<u>2,710</u>	<u>1,938</u>	<u>772</u>

MONMOUTH BEACH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Operations & Maintenance	418,263	16,744	435,007	339,464	95,543
Student Transportation:					
Contracted Services (Other than Between Home & School) - Vendors	9,210	4,328	13,538	10,468	3,070
Contracted Services (Special Ed. Students)	123,000	(10,987)	112,013	82,302	29,711
Contracted Services (Aid in Lieu)	24,838	6,659	31,497	15,527	15,970
Total Student Transportation	157,048	-	157,048	108,297	48,751
Undistributed Expenditures-Employee Benefits:					
Other Retirement Contrib. - Social Security	43,000	(8,333)	34,667	34,667	-
Retirement Contributions		2,621	2,621	2,621	-
T.P.A.F. Contributions - ERIP	13,399	(414)	12,985	12,985	-
Other Retirement Contributions	17,871	11,080	28,951	28,951	-
Unemployment Compensation	30,000	7,154	37,154	37,154	-
Workman's Compensation	30,398		30,398	24,155	6,243
Health Benefits	520,000	27,327	547,327	387,727	159,600
Tuition Reimbursements	2,875		2,875		2,875
Other Employee Benefits	3,000	600	3,600	3,600	-
Total Unallocated Benefits	660,543	40,035	700,578	531,860	168,718
TPAF Pension Contribution (On-Behalf)					
TPAF Social Security Contribution (Reimbursed)					
Total Undistributed Expenditures	2,268,177	79,290	2,347,467	2,158,244	189,223
Total General Current Expense	4,280,920	131,205	4,412,125	4,048,691	363,434

MONMOUTH BEACH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Equipment:					
Regular Programs - Instruction:					
Interest on Capital Reserve	500		500		500
Total Regular Programs - Instruction	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
Facilities, Acquisition and Construction Services:					
Purchased Professional Technical Services	30,000	(30,000)	-		-
Construction Services	200,000	(200,000)	-		-
Other Objects	15,701	(15,701)	-		-
Total Facilities, Acquisition and Construction Services	<u>245,701</u>	<u>(245,701)</u>	<u>-</u>		<u>-</u>
Total Capital Outlay	<u>246,201</u>	<u>(245,701)</u>	<u>500</u>		<u>500</u>
Total Current Expense & Capital Outlay	<u>4,527,121</u>	<u>(114,496)</u>	<u>4,412,625</u>	<u>4,048,691</u>	<u>363,934</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(463,903)</u>	<u>114,496</u>	<u>(349,407)</u>	<u>336,008</u>	<u>685,415</u>
Other Financing Sources (Uses):					
Due from Capital Projects-Capital Reserve			245,701	135,516	135,516
Transfers to Capital Projects		245,701	245,701	(296,641)	(50,940)
Total Other Financing Sources (Uses)		<u>245,701</u>	<u>245,701</u>	<u>(161,125)</u>	<u>84,576</u>
Fund Balance July 1	<u>1,378,274</u>		<u>1,378,274</u>	<u>1,378,274</u>	<u>-</u>
Fund Balance June 30	<u>\$ 914,371</u>	<u>360,197</u>	<u>1,274,568</u>	<u>1,553,157</u>	<u>769,991</u>

MONMOUTH BEACH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserved for Excess Surplus - Designated for Subsequent Years Expenditures				\$ 270,701	
Reserved For Excess Surplus - Current Year				294,258	
Maintenance Reserve				70,031	
Capital Reserve				270,622	
Emergency Reserve				70,000	
Committed Fund Balance:					
Year End Encumbrances				92,698	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				230,000	
Unassigned Fund Balance				254,847	
				<u>1,553,157</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Audit Payments not Recognized on GAAP Basis				<u>(657)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,552,500</u>	

MONMOUTH BEACH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-2

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Federal Sources	\$ 66,406	15,146	81,552	81,552	-
Total Revenues	<u>\$ 66,406</u>	<u>15,146</u>	<u>81,552</u>	<u>81,552</u>	<u>-</u>
Expenditures:					
Instruction:					
Instruction - Purchased Services	\$ -	3,308	3,308	3,308	-
General Supplies	2,000	3,576	5,576	5,576	-
Total Instruction	<u>2,000</u>	<u>6,884</u>	<u>8,884</u>	<u>8,884</u>	<u>-</u>
Support Services:					
Salaries	40,406	8,074	48,480	48,480	
Purchased Prof. & Tech. Services	24,000	188	24,188	24,188	
Total Support Services	<u>64,406</u>	<u>8,262</u>	<u>72,668</u>	<u>72,668</u>	
Total Expenditures	<u>\$ 66,406</u>	<u>15,146</u>	<u>81,552</u>	<u>81,552</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

MONMOUTH BEACH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 4,384,699	81,552
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.	25,747	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(657)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 4,409,789</u>	<u>81,552</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 4,048,691	81,552
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.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 4,048,691</u>	<u>81,552</u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

MONMOUTH BEACH SCHOOL DISTRICT

SPECIAL REVENUE FUND

Exhibit E-1

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Yr Title IIA	Title IIA	I.D.E.A. Part B Basic	I.D.E.A. Part B Pre-School	I.D.E.A. A.R.R.A. Preschool	Totals June 30, 2011
Revenues:						
Federal Sources	\$ 723	9,041	68,480	1,000	2,308	81,552
Total Revenue	\$ 723	9,041	68,480	1,000	2,308	81,552
Expenditures:						
Instruction:						
Instruction - Purchased Services	\$ -			1,000	2,308	3,308
Other Objects		5,576				5,576
Total Instruction	-	5,576	-	1,000	2,308	8,884
Support Services:						
Personal Services - Salaries			48,480			48,480
Purchased Prof. & Tech. Services	723	3,465	20,000			24,188
	723	3,465	68,480	-	-	72,668
Total Expenditures	\$ 723	9,041	68,480	1,000	2,308	81,552

CAPITAL PROJECTS FUND – F

MONMOUTH BEACH SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2011

Revenues:		
State Grant-SSC	\$	197,761
Transfer From Capital Reserve		50,940
Transfer From Budget		245,701
Total Revenue		<u>494,402</u>
Expenditures:		
Purchased Professional Technical Services		11,572
Other Costs		15,701
Construction Services		390,550
Total Expenditures		<u>417,823</u>
Excess Revenues over Expenditures		76,579
Other Financing Sources/(Uses):		
Transfer to Current Capital Reserve		(135,516)
Transfer to Debt Service		(1,941)
Cancel Encumbrances		14,391
Cancel State Receivable		(90,661)
Total Other Financing Sources/(Uses)		<u>(213,727)</u>
Fund Balance - Beginning		<u>213,727</u>
Fund Balance - Ending	\$	<u><u>76,579</u></u>

MONMOUTH BEACH SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUND**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****ADDITION TO ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ -	33,191	33,191	33,191
Bond Proceeds and Transfers		49,787	49,787	49,787
Total Revenues	<u>-</u>	<u>82,978</u>	<u>82,978</u>	<u>82,978</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services		2,494	2,494	4,000
Construction Services		47,550	47,550	78,978
Total Expenditures	<u>-</u>	<u>50,044</u>	<u>50,044</u>	<u>82,978</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>32,934</u>	<u>32,934</u>	<u>-</u>

Additional Project Information

Project Number's	DOE# 3250-050-10-1002
Grant Date	2/28/11
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 82,970
Additional Authorized Cost	-
Revised Authorized Cost	\$ 82,970
Percentage Increase Over Original Authorized Cost	0
Percentage Completion	80%
Original Target Completion Date	6/30/2012
Revised Target Completion Date	6/30/2012

MONMOUTH BEACH SCHOOL DISTRICT

Exhibit F-1b

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISHVAC/LIGHTING SPRINKLER CEILING UPGRADESFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
State Sources - SCC Grant	\$ -	164,570	164,570	164,570
Transfer From Budget		195,914	195,914	195,914
Transfer from Capital Reserve		50,940	50,940	50,940
Total Revenues		<u>411,424</u>	<u>411,424</u>	<u>411,424</u>
<u>Expenditures and Other Financing Uses</u>				
Purchased Professional and Technical Services		9,078	9,078	20,000
Other Costs		15,701	15,701	15,701
Construction Services		343,000	343,000	375,723
Total Expenditures		<u>367,779</u>	<u>367,779</u>	<u>411,424</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>43,645</u>	<u>43,645</u>	<u>-</u>

Additional Project Information

Project Number's	DOE #3250-050-10-1001
Grant Date	8/30/10
Original Authorized Cost	\$ 411,424
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	69%
Original Target Completion Date	6/30/2012
Revised Target Completion Date	6/30/2012

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

MONMOUTH BEACH SCHOOL DISTRICTTRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET ASSETSAS OF JUNE 30, 2011

	<u>Agency</u>		<u>Expendable</u>	<u>Totals</u>
	<u>Student</u>	<u>Agency</u>	<u>Trusts</u>	
	<u>Activity</u>	<u>Account</u>	<u>Unemployment</u>	
			<u>Compensation</u>	
Assets:				
Cash and Cash Equivalents	\$ 26,463	28,806	3,745	59,014
Total Assets	<u>\$ 26,463</u>	<u>28,806</u>	<u>3,745</u>	<u>59,014</u>
Liabilities and Net Assets:				
Liabilities:				
Due to Student Groups	\$ 26,463			26,463
Payroll Withholdings & Deductions		28,806		28,806
Total Liabilities	<u>26,463</u>	<u>28,806</u>	<u>-</u>	<u>55,269</u>
Net Assets:				
Unreserved			3,745	3,745
Total Net Assets	<u>-</u>	<u>-</u>	<u>3,745</u>	<u>3,745</u>
Total Liabilities and Net Assets	<u>\$ 26,463</u>	<u>28,806</u>	<u>3,745</u>	<u>59,014</u>

MONMOUTH BEACH SCHOOL DISTRICT**STUDENT ACTIVITY AGENCY FUND**

Exhibit H-3

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Elementary School: Monmouth Beach	\$ 29,563	72,389	75,489	26,463

MONMOUTH BEACH SCHOOL DISTRICTPAYROLL AGENCY FUND

Exhibit H-4

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Assets:				
Cash and Cash Equivalents	\$ 9,064	1,161,328	1,141,586	28,806
Total Assets	<u>\$ 9,064</u>	<u>1,161,328</u>	<u>1,141,586</u>	<u>28,806</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 9,064	1,161,328	1,141,586	28,806
Total Liabilities	<u>\$ 9,064</u>	<u>1,161,328</u>	<u>1,141,586</u>	<u>28,806</u>

LONG-TERM DEBT – I

MONMOUTH BEACH SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF BONDS PAYABLE

Exhibit I-1

JUNE 30, 2011

	Date of Issue	Original Issue	Annual Maturities		Interest Rate	Balance July 1, 2010	Retired	Balance June 30, 2011
			Date	Amount				
School Addition	3/27/2001	\$ 3,351,000	2/1/2011	\$ 110,000	4.75%	\$ 110,000	110,000	-
Refunding Bonds	3/25/2010	\$ 2,580,000	2/1/2012	\$ 130,000	3.00%	\$ 2,580,000	40,000	2,540,000
			2/1/2013	135,000				
			2/1/2014	135,000	2.00%			
			2/1/2015	145,000	2.25%			
			2/1/2016	145,000	2.75%			
			2/1/2017	150,000	3.00%			
			2/1/2018	160,000	5.00%			
			2/1/2019	165,000				
			2/1/2020	175,000				
			2/1/2021	185,000	4.00%			
			2/1/2022	190,000				
		2/1/2023	200,000					
		2/1/2024	200,000					
		2/1/2025	210,000					
		2/1/2026	215,000					
						\$ 2,690,000	150,000	2,540,000

MONMOUTH BEACH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Fund to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 235,787		235,787	235,787	
Total Revenues	235,787	-	235,787	235,787	-
Expenditures:					
Regular Debt Service:					
Interest	125,787	(40,000)	85,787	113,606	(27,819)
Redemption of Principal	110,000	40,000	150,000	150,000	-
Total Expenditures	235,787	-	235,787	263,606	(27,819)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(27,819)	(27,819)
Other Financing Sources:					
Proceeds from Refinancing				37,567	37,567
Transfer from Capital Projects				1,941	1,941
Total Other Financing Sources	-	-	-	39,508	39,508
Excess (Deficiency) of Revenues and other Financing Sources Over (Under) Expenditures	-	-	-	11,689	11,689
Fund Balance July 1	1		1	1	
Fund Balance June 30	\$ 1	-	1	11,690	11,689

STATISTICAL SECTION

(Unaudited)

MONMOUTH BEACH SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
UNAUDITED

J-1

	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities								
Invested in Capital Assets, net of related Debt	\$2,191,444	1,812,062	1,528,583	1,290,967	1,343,700	1,640,704	1,563,692	1,334,209
Restricted	1,574,739	1,384,994	1,221,637	938,555	878,571	842,741	880,909	899,167
Unrestricted	90,850	8,202	58,412	182,731	195,466	43,045	58,112	57,819
Total Governmental Activities	<u>\$3,857,033</u>	<u>3,205,258</u>	<u>2,808,632</u>	<u>2,412,253</u>	<u>2,417,737</u>	<u>2,526,490</u>	<u>2,502,713</u>	<u>2,291,195</u>
Business Type Activities								
Invested in Capital Assets, net of related Debt	\$ 1,881	2,418	2,956	2,956	3,494	4,030	4,567	5,106
Unrestricted	1,323	1,369	738	481	760	951	931	1,500
Total Business Type Activities	<u>\$ 3,204</u>	<u>3,787</u>	<u>3,694</u>	<u>3,437</u>	<u>4,254</u>	<u>4,981</u>	<u>5,498</u>	<u>6,606</u>
District-wide								
Invested in Capital Assets, net of related Debt	\$2,139,325	1,814,480	1,531,539	1,293,923	1,347,194	1,644,734	1,568,259	1,339,315
Restricted	1,574,739	1,384,994	1,221,637	938,555	878,571	842,741	880,909	899,167
Unrestricted	92,173	9,571	59,150	183,212	196,226	43,996	59,043	59,319
Total District Assets	<u>\$3,806,237</u>	<u>3,209,045</u>	<u>2,812,326</u>	<u>2,415,690</u>	<u>2,421,991</u>	<u>2,531,471</u>	<u>2,508,211</u>	<u>2,297,801</u>

MONMOUTH BEACH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
UNAUDITED

	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:								
Governmental Activities	\$ 4,426,065	4,573,766	4,375,459	4,520,206	4,439,566	4,189,079	3,975,131	3,908,475
Business Type Activities	6,820	7,223	8,453	10,286	10,865	15,546	21,714	8,785
Total District Expenses	4,432,885	4,580,989	4,383,912	4,530,492	4,450,431	4,204,625	3,996,845	3,917,260
Program Revenues:								
Governmental Activities	81,552	114,325	78,422	75,777	79,193	82,365	68,303	76,992
Business Type Activities	6,237	5,102	7,710	7,469	10,138	13,364	20,206	6,362
Total District Program Revenues	87,789	119,427	86,132	83,246	89,331	95,729	88,509	83,354
Net (Expense):								
Governmental Activities	(4,344,513)	(4,459,441)	(4,297,037)	(4,444,429)	(4,360,373)	(4,106,714)	(3,906,828)	(3,831,483)
Business Type Activities	(583)	(2,121)	(743)	(2,817)	(727)	(2,182)	(1,508)	(2,423)
Total District-wide Net Expense	(4,345,096)	(4,461,562)	(4,297,780)	(4,447,246)	(4,361,100)	(4,108,896)	(3,908,336)	(3,833,906)
General Revenues and Other Changes in Net Assets:								
Governmental Activities	4,804,634	5,187,168	4,532,114	4,604,684	4,477,951	4,172,632	3,910,902	4,374,848
Business Type Activities	-	2,214	1,000	2,000	-	1,665	400	7,586
Total District-wide	4,804,634	5,189,382	4,533,114	4,606,684	4,477,951	4,174,297	3,911,302	4,382,434
Change in Net Assets:								
Governmental Activities	460,121	727,727	235,077	160,255	117,578	65,918	4,074	543,365
Business Type Activities	(583)	93	257	(817)	(727)	(517)	(1,108)	5,163
Total District	459,538	727,820	235,334	159,438	116,851	65,401	2,966	548,528

MONMOUTH BEACH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENT FUNDS
LAST EIGHT FISCAL YEARS
UNAUDITED

J-3

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund:								
Reserved	\$ 1,298,310	1,121,875	1,217,625	924,544	874,566	838,061	714,076	480,897
Unreserved	90,850	230,652	239,492	249,276	253,837	103,348	120,150	121,495
Total General Fund	<u>\$ 1,389,160</u>	<u>1,352,527</u>	<u>1,457,117</u>	<u>1,173,820</u>	<u>1,128,403</u>	<u>941,409</u>	<u>834,226</u>	<u>602,392</u>
All Other Governmental Funds:								
Unreserved, Reported in:								
Capital Projects Fund	\$ 264,739	213,727	1,941	1,941	1,941	2,616	164,769	420,138
Debt Service Fund	11,690	1	2,071	2,070	2,064	2,064	2,064	(1,868)
Total All Other Government Funds	<u>\$ 276,429</u>	<u>213,728</u>	<u>4,012</u>	<u>4,011</u>	<u>4,005</u>	<u>4,680</u>	<u>166,833</u>	<u>418,270</u>

**MONMOUTH BEACH SCHOOL DISTRICT
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
UNAUDITED**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Tax Levy	4,094,741	3,974,820	3,868,981	3,765,252	3,603,909	3,454,367	3,379,804	3,198,339	3,206,725	
Other Local Revenue	12,655	18,134	45,048	59,360	44,781	18,456	11,227	38,719	109,179	
State Sources	381,656	725,293	539,943	654,109	535,135	486,646	508,363	406,152	345,746	
Federal Sources	81,552	114,325	78,422	75,777	78,365	64,011	72,325	63,808	66,910	
Total Revenues	4,727,128	4,952,493	4,682,461	4,557,144	4,262,190	4,023,480	3,971,719	3,707,018	3,728,560	
Expenditures										
Instruction:										
Regular	1,565,968	1,565,077	1,483,739	1,571,358	1,421,747	1,587,550	1,471,224	1,507,309	1,337,722	1,236,494
Special	233,657	303,688	353,552	270,632	237,116	221,194	197,871	140,309	157,537	189,256
Other	90,822	117,714	83,371	79,107	52,238	12,344	19,639	13,030	7,000	30,461
School-sponsored/other instructional										
Total instruction	1,890,447	1,986,479	1,920,662	1,921,097	1,711,101	1,852,182	1,714,691	1,692,935	1,526,404	1,477,694
Undistributed:										
Instruction/Tuition	121,403	162,524	225,862	199,318	256,283	228,055	217,757	208,635	216,781	207,340
Attendance & Health Services										
Support services - students										
Support services - instructional staff										
General Administration	290,061	257,180	227,471	229,845	211,594	193,417	152,481	157,652	157,321	157,237
School Administration	208,678	243,461	224,339	232,259	276,727	203,000	185,438	130,948	172,391	155,191
Operations and maintenance	234,043	191,113	241,630	184,754	123,747	169,516	244,120	241,557	232,672	215,702
Student transportation	339,464	329,648	307,845	324,258	296,708	251,221	132,773	127,412	123,994	137,955
Unallocated Benefits	108,297	125,001	96,800	129,756	159,533	157,536	431,570	474,859	468,258	342,230
TPAF Pension & Social Security	856,298	831,600	680,846	931,395	904,556	735,083	215,412	243,773	169,278	120,829
Total Undistributed	2,158,244	2,140,527	2,004,793	2,231,585	2,229,148	1,937,828	1,807,358	1,759,781	1,681,950	1,461,760
Capital Outlay:										
Equipment	-	349,000	82,653	166,245	110,980	43,143	203,000	203,000	-	26,488
Total Capital Outlay	-	349,000	82,653	166,245	110,980	43,143	203,000	203,000	-	26,488
Total General Fund Expenditures	4,048,691	4,476,006	4,008,108	4,318,927	4,051,229	3,833,153	3,522,049	3,655,716	3,208,354	2,965,942
Special Revenue:										
State	81,552	114,325	78,422	75,777	770	4,000	4,292	4,000	17,338	16,392
Federal	81,552	114,325	78,422	75,777	78,423	78,365	64,011	74,179	71,286	66,910
Total Special Revenue expenditures	163,104	228,650	156,844	151,554	156,493	156,365	68,303	78,179	88,624	83,302
Capital Projects Fund Expenditures	417,823	370,262			675	156,560	170,635	242,741	1,096,706	2,920,984
Debt Service Expenditures	263,606	235,774	240,708	240,334	239,728	238,890	237,821	236,521	1,407,624	193,186
Total Governmental Fund Expenditures	4,811,672	5,196,367	4,227,238	4,635,038	4,370,825	4,310,968	3,998,808	4,213,157	5,801,308	6,163,414
Excess (Deficiency) of Revenues Over (Under) Expenditures	(84,544)	(243,874)	284,298	47,423	186,319	(48,778)	24,672	(241,438)	(2,094,290)	(2,434,854)
Other Financing Sources (Uses)	159,058	349,000	(1,000)	(2,000)		(7,193)	(44,275)	480,121	1,123,161	8,683
Net Change in Fund Balance	\$ 74,514	105,126	283,298	45,423	186,319	(55,971)	(19,603)	238,683	(971,129)	(2,426,171)

Source: District records

MONMOUTH BEACH SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

J-5

	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 8,881	5,763	14,644
2003	1,942	19,841	21,783
2004	2,439	5,458	7,897
2005	2,085	13,617	15,702
2006	33,758	9,762	43,520
2007	59,360	-	59,360
2008	48,048		48,048
2009	3,752	14,599	18,351
2010	2,731	15,403	18,134
2011	1,295	11,360	12,655

Source: District records

MONMOUTH BEACH SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

J-6

<u>Year Ended December 31,</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2001	\$ 359,714,301	481,867,784	74.65%
2002	363,077,700	574,035,889	63.25%
2003	366,728,630	654,638,754	56.02%
2004	373,632,423	799,384,730	46.74%
2005 *	940,972,741	940,972,741	100.00%
2006	1,231,173,592	1,210,117,547	101.74%
2007	1,240,583,960	1,397,211,353	88.79%
2008	1,247,666,739	1,450,654,540	86.05%
2009	1,261,321,368	1,457,057,395	86.61%
2010	1,259,173,241	1,421,743,902	88.61%

Source: Abstract of Ratables, County Board of Taxation.

* - Revaluation in 2005

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

J-7

<u>Assessment Year</u>	<u>Monmouth Beach School District</u>	<u>Shore Regional High School</u>	<u>Monmouth Beach Borough</u>	<u>Monmouth County</u>	<u>Total</u>
2001	\$ 0.841	0.587	0.702	0.621	2.751
2002	0.880	0.647	0.719	0.694	2.940
2003	0.922	0.621	0.782	0.742	3.067
2004	0.925	0.613	0.798	0.801	3.137
2005	0.294	0.211	0.257	0.257	1.019
2006	0.306	0.235	0.274	0.292	1.107
2007	0.312	0.256	0.279	0.304	1.151
2008	0.319	0.253	0.297	0.296	1.165
2009	0.325	0.270	0.307	0.297	1.199
2010	0.338	0.279	0.318	0.305	1.240

Source: Tax Collector

MONMOUTH BEACH SCHOOL DISTRICT
SCHEDULE OF PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED

J-8

Taxpayer	Assessed Valuation 2011	As a Percentage of District Net Assessed Valuation
Morgan Realty Development, LLC	\$ 8,847,600	0.70%
Monmouth Beach Club	6,742,600	0.54%
Taxpayer #1	4,150,700	0.33%
Taxpayer #2	3,329,500	0.26%
Atlantis Yacht Club	3,326,500	0.26%
Monmouth Beach - Seacrest, LLC	3,278,300	0.26%
Taxpayer #3	3,243,200	0.26%
Taxpayer #4	3,060,000	0.24%
Taxpayer #5	3,011,800	0.24%
Taxpayer #6	2,854,000	0.23%
 Total	 \$ 41,844,200	 3.32%

Source: Municipal Tax Assessor.

Note: Information for Nine Years ago was not available

MONMOUTH BEACH SCHOOL DISTRICT
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
UNAUDITED

J-9

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Tax Levy Collected</u>
2001	\$ 9,967,066	9,830,454	98.62%
2002	10,764,223	10,582,397	98.31%
2003	11,372,856	11,224,958	98.70%
2004	11,720,850	11,651,438	99.41%
2005	12,523,609	12,325,194	98.42%
2006	13,693,231	13,452,474	98.24%
2007	14,279,123	14,184,491	99.34%
2008	14,614,668	14,363,813	98.26%
2009	15,187,360	14,908,948	98.16%
2010	15,613,748	15,491,955	98.43%

Source: Municipal Tax Collector

**MONMOUTH BEACH SCHOOL DISTRICT
RATIO OF OUTSTANDING DEBT BY TYPE**

J-10

LAST TEN YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Other</u> <u>Debt</u>	<u>Total Debt</u> <u>Per</u> <u>District</u>	<u>Percentage</u> <u>of Personal</u> <u>Income</u>	<u>Per Capita</u>
2002	\$ 3,351,000	-	3,351,000	1.3%	930.57
2003	3,276,000	-	3,276,000	1.3%	904.47
2004	3,196,000	-	3,196,000	1.4%	883.61
2005	3,111,000	-	3,111,000	1.5%	865.85
2006	3,021,000	-	3,021,000	1.5%	845.27
2007	2,926,000	-	2,926,000	1.8%	818.86
2008	2,826,000	-	2,826,000	1.8%	788.94
2009	2,721,000	-	2,721,000	1.9%	756.88
2010	2,690,000	-	2,690,000	1.9%	753.29
2011	2,540,000	-	2,540,000	2.8%	711.28

Source: District records.

MONMOUTH BEACH SCHOOL DISTRICT
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS
UNAUDITED

J-11

<u>Fiscal Year Ended June 30,</u>	<u>School District Population</u>	<u>Net Assessed Valuation Taxable</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2002	3,601	363,077,700	3,351,000	0.923%	930.57
2003	3,622	366,728,630	3,276,000	0.893%	904.47
2004	3,617	373,632,423	3,196,000	0.855%	883.61
2005	3,593	940,972,741	3,111,000	0.331%	865.85
2006	3,615	1,231,173,592	3,021,000	0.245%	835.68
2007	3,582	1,231,173,592	2,926,000	0.238%	816.86
2008	3,582	1,240,583,960	2,826,000	0.228%	788.94
2009	3,570	1,247,666,739	2,721,000	0.218%	756.88
2010	3,571	1,261,321,368	2,690,000	0.213%	753.29
2011	3,571	1,259,173,241	2,540,000	0.202%	711.28

Source: Abstract of Ratables, County Board of Taxation.
School District records.

MONMOUTH BEACH SCHOOL DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010
UNAUDITED

J-12

Net Direct Debt of School District as of December 31, 2010		\$ 2,690,000
Net Overlapping debt of School District:		
Monmouth Beach Borough	4,269,250	
Regional High School	4,045,429	
County of Monmouth	<u>5,519,885</u>	
		<u>13,834,564</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2010		<u><u>\$ 16,524,564</u></u>

Source: Monmouth Beach Chief Financial Officer and County Treasurer's Office.

MONMOUTH BEACH SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
UNAUDITED

J-13

	Year	Equalized Valuation Basis
	2010	\$ 1,368,246,196
	2009	1,423,030,809
	2008	1,440,163,261
		<u>\$ 4,231,440,266</u>
Average Equalized Valuation of Taxable Property		\$ 1,410,480,089
School Borrowing Margin (3% of \$1,410,480,089)		\$ 42,314,403
Net Bonded School Debt as of June 30, 2011		<u>2,540,000</u>
School Borrowing Margin Available		<u>\$ 39,774,403</u>
Debt Limit	2011	\$ 42,314,403
	2010	43,045,052
	2009	42,676,758
	2008	40,299,475
	2007	35,236,302
	2006	26,600,389
	2005	23,671,880
	2004	20,004,925
	2003	16,920,177
	2002	14,634,705
Net Debt		<u>2,540,000</u>
Legal Debt Margin		<u>\$ 39,774,403</u>

Source: State of New Jersey, Department of Taxation.

MONMOUTH BEACH SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
UNAUDITED

J-14

<u>Year Ended December 31,</u>	<u>Monmouth Beach Unemployment Rate</u>	<u>Monmouth Beach Personal Income (a)</u>	<u>Monmouth County Per Capita Income</u>	<u>Population</u>
2001	2.1%	\$ 157,380,444	43,863	3,588
2002	2.1%	156,236,587	43,387	3,601
2003	3.1%	158,042,348	43,634	3,622
2004	2.6%	168,353,265	46,545	3,617
2005	3.6%	172,722,696	48,072	3,593
2006	4.1%	189,783,885	52,499	3,615
2007	3.7%	199,633,776	55,826	3,576
2008	4.8%	202,445,085	56,755	3,567
2009	7.9%	Unavailable	Unavailable	3,571
2010	Unavailable	Unavailable	Unavailable	3,571

**Source: Bureau of Labor Statistics, United States Department of Commerce and
State Data Center**

(a) Personal Income has been estimated based upon the municipal population and per capita income presented

MONMOUTH BEACH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

2011

DATA NOT AVAILABLE

2002

DATA NOT AVAILABLE

Monmouth Beach Board of Education
 Full-Time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction										
Regular	21.2	23.0	22.9	23.3	22.4	23.4	24.0	24.0	23.5	22.3
Special Education	3.0	2.0	3.0	3.4	4.0	3.0	3.5	4.5	4.5	4.0
Other Special Education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other Instruction	2.4	3.5	3.5	3.5	3.5	5.5	5.5	5.5	5.5	5.5
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services										
Student & instruction related services	1.6	2.4	2.4	2.4	2.4	2.4	2.1	2.1	2.1	2.1
General administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School administrative services	1.0	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4
Other administrative services	2.5	3.0	2.5	2.5	2.5	3.0	3.0	3.0	3.0	3.0
Central Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant operations & maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	36.7	39.4	39.8	40.6	40.3	42.8	43.5	44.5	44.0	42.3

Source: District Personnel Records

Monmouth Beach Board of Education
 Operating Statistics
 Last Ten Fiscal Years

Pupil/Teacher Ratio

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentile Change</u>	<u>Teaching Staff^b</u>	<u>Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in ADE</u>	<u>Student Attendance Percentage</u>
2001	305	2,705,564	\$7,754	6.28%	25.2	12.5:1	304.5	290.9	-4.74%	95.5%
2002	303	2,818,625	\$8,107	4.35%	26.4	12.1:1	303.6	290.0	-0.31%	95.5%
2003	315	3,039,076	\$8,901	8.92%	27.3	12.7:1	303.6	290.0	0.00%	95.5%
2004	322	3,210,672	\$9,139	2.60%	28.5	11.7:1	314.5	300.3	3.43%	95.5%
2005	325	3,307,037	\$9,277	1.49%	27.1	12.3:1	318.7	304.8	1.48%	95.6%
2006	318	3,520,376	\$9,947	6.74%	26.4	11.4:1	315	302	-0.93%	95.9%
2007	316	3,553,028	\$10,122	1.73%	26.4	11.4:1	311.9	297.7	-1.44%	95.4%
2008	322	4,009,715	\$10,405	2.72%	27.4	12:01	326.7	313	4.89%	95.8%
2009	320	3,645,216	\$10,397	-0.08%	28.1	12:03	319.6	307.3	-1.85%	96.2%
2010	306	3,818,899	\$11,922	12.79%	29.5	12:01	319.4	304.7	-0.85%	95.4%
2011	309	4,280,920	\$12,345	3.43%	27.6	12:01	305.6	291.7	-4.46%	95.5%

Note: Enrollment based on annual October district count.

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

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

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

MONMOUTH BEACH ELEMENTARY SCHOOL

BUILDING INFORMATION

LAST TEN FISCAL YEARS ENDING JUNE 30

UNAUDITED

District Building	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Elementary School and Offices</u>										
Monmouth Beach	61,882	61,882	61,882	61,882	61,882	61,882	61,882	61,882	61,882	61,882
Square Feet	385	385	385	337	337	337	337	337	337	337
Capacity (students)	325	315	322	325	318	316	322	320	306	309
Enrollment										

Source: District records

MONMOUTH BEACH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

J-19

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Monmouth</u> <u>Beach</u> <u>Elementary</u>
2002	\$ 10,824
2003	5,741
2004	21,327
2005	27,101
2006	12,108
2007	22,813
2008	14,947
2009	17,238
2010	23,067
2011	19,175

Source: District records.

MONMOUTH BEACH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
UNAUDITED

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
Property-Blanket Building & Contents	\$ 9,206,410	1,000
Comprehensive General Liability	6,000,000	
Comprehensive Auto Liability	6,000,000	
Comprehensive Crime Coverage	25,000	500
Other Flood - Contents	10,000,000	*
Computers and Scheduled Equipment -		
Data Processing Equipment	300,000	1,000
Boiler and Machinery -		
Property Damage	1,000,000	1,000
Umbrella Liability -		
Umbrella Policy	2,000,000	
School Board Legal Liability -		
Directors and Officers Policy	5,000,000	5,000

* = Flood subject to alternate deductibles

Source: District records.

SCHEDULES OF FINANCIAL ASSISTANCE

MONMOUTH BEACH SCHOOL DISTRICT

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDING JUNE 30, 2011

Schedule A
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Grant Period	Program or Award Amount	Balance June 30, 2010	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2011		
										(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture												
Passed Through State Department of Education:												
Special Milk Program	10.556	9-1-09 to 6-30-10	\$ 2,214	\$ (124)	-	124	(2,000)	-	-	(54)	-	
Special Milk Program	10.556	9-1-10 to 6-30-11	2,000	(124)	-	1,946	(2,000)	-	-	(54)	-	
Total U.S. Department of Agriculture						2,070	(2,000)			(54)		
U.S. Department of Education:												
Passed Through State Department of Education:												
General Fund	84.410A	8-10-10 to 9-30-12	8,534									
Education Jobs Fund												
Special Revenue Fund:												
Title IIA	84.367A	9-1-09 to 8-31-10	9,076	(5,059)		5,782	(723)			(7,901)		
Title IIA	84.367A	9-1-10 to 8-31-11	9,041			1,140	(9,041)					
I.D.E.A. Basic	84.027	9-1-09 to 8-31-10	67,895	(3,904)		3,904						
I.D.F.A. Basic	84.027	9-1-10 to 8-31-11	68,480			68,480	(68,480)					
I.D.E.A. Basic ARRA	84.391	9-1-09 to 8-31-11	63,755	(22,857)		22,857						
I.D.E.A. Preschool ARRA	84.392	9-1-09 to 8-31-11	2,308			2,308	(2,308)					
I.D.E.A. Preschool	84.173	9-1-10 to 8-31-11	1,000	(31,820)		1,000	(1,000)			(7,901)		
Total U.S. Department of Education				\$ (31,944)		107,541	(83,552)			(7,955)		

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

MONMOUTH BEACH SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program State Department of Education	Grant or State Project Number	Grant Period	Program or Award Amount	Balance June 30, 2010	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2011		MEMO Budgetary Receivable	Total Cumulative Expenditures
										(Accounts Receivable)	Due to Grantor		
Special Education Aid	11-495-034-5120-089	7-1-10 to 6-30-11	\$ 116,634	\$ -	-	22,190	(22,190)	-	-	-	(657)	22,199	
Reimbursed TPAP Social Security Contributions	11-495-034-5095-002	7-1-10 to 6-30-11	159,072	-	-	159,072	(159,072)	-	-	-	-	159,072	
Non Public Transportation	10-495-034-5120-014	7-1-09 to 6-30-10	2,865	(2,865)	-	2,865	-	-	-	-	-	4,847	
Non Public Transportation	11-495-034-5120-014	7-1-10 to 6-30-11	4,847	-	-	-	(4,847)	-	-	(4,847)	-	4,847	
Extraordinary Aid	10-495-034-5120-044	7-1-09 to 6-30-10	15,422	(15,422)	-	15,422	-	-	-	(5,091)	-	5,091	
Extraordinary Aid	11-495-034-5120-044	7-1-10 to 6-30-11	5,091	-	-	199,549	(191,200)	-	-	(9,938)	(657)	191,200	
Total General Fund				(18,287)	-			-	-				
Capital Projects Fund	3250-050-10-1001	7-1-10 to 6-30-11	164,570	-	-	-	(164,570)	-	-	(164,570)	-	164,570	
NISDA	3250-050-10-1002	7-1-10 to 6-30-11	33,191	-	-	-	(33,191)	-	-	(33,191)	-	33,191	
Total Capital Projects Fund							(197,761)	-	-	(197,761)	-	197,761	
Total State Financial Assistance				\$ (18,287)	-	\$ 199,549	\$ 388,961	-	-	\$ 207,699	(657)	\$ 388,961	

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

BOARD OF EDUCATION

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MONMOUTH BEACH SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2011****NOTE 1: GENERAL**

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the Special Milk Program. These bases of accounting are described in Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

Awards and financial assistance revenues are reported in the Board's general-purpose financial statements on a GAAP basis as presented on the following page:

NOTE 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>					
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 191,200		197,761		388,961
Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized					
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	165,366				165,366
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>25,090</u>				<u>25,090</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 381,656</u>		<u>197,761</u>		<u>579,417</u>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>					
Actual Amounts (Budgetary) "Revenues" from the Schedule of Expenditures of Federal Awards	\$	81,552		2,000	83,552
Difference – Budget to "GAAP" Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	_____	_____	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	\$	<u>81,552</u>		<u>2,000</u>	<u>83,552</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.