

**SCHOOL DISTRICT OF
SEASIDE HEIGHTS**

SEASIDE BOARD OF EDUCATION
Seaside Heights, New Jersey
County of Ocean

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SEASIDE HEIGHTS SCHOOL DISTRICT

SEASIDE HEIGHTS, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by

**Seaside Heights School District
Business Administrator's Office**

OUTLINE OF CAFR – GASB 34

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INTRODUCTORY SECTION



Hugh J. Boyd, Jr.
Elementary School

Seaside Heights School District

and

Toms River Regional Schools

1200 Bay Boulevard

Seaside Heights, NJ 08751

(732) 793-8485 Fax: (732) 793-5874



Frank J. Roselli
Superintendent of Schools

Matthew K. Varley, CPA
Business Administrator

Joan Buczowski
Board Secretary

November 7, 2011

Honorable President and Members of the Board of Education
Seaside Heights School District
1200 Bay Boulevard
Seaside Heights, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Seaside Heights School District for the fiscal year that 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 School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended by the Single Audit Act of 1996, and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Seaside Heights School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular as well as special education for handicapped youngsters.

"A Partnership for Improved Education"

2. ECONOMIC CONDITION AND OUTLOOK:

Seaside Heights is a summer community with a very transient school population. Due to winter rentals, Seaside Heights School District's poverty percentage is high, thus qualifying it as a Title I "No Child Left Behind" federal dollars are being used aggressively to try to reduce teacher-student ratio, extend the learning day and supplement educational experiences.

3. MAJOR INITIATIVES:

School year 2010-11 was a productive and innovative year. Administrative changes were made and curriculum needs were assessed. As a result of these changes and the hard work of the teaching and support staff of the school, state test results were elevated.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the District. 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 are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of the fund balance at June 30, 2011.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statement", Note 1.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules will present a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2011.

8. DEBT ADMINISTRATION:

As of June 30, 2011, the District's outstanding debt liability, including interest, beyond one year is \$260,654.

9. CASH MANAGEMENT:

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

10. RISK MANAGEMENT:

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

11. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman & Frenia, P.C., was selected by the Board's audit committee. In addition to meeting the requirements of the Single Audit Act of 1984, as amended by the Single Audit Act of 1996, and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB, the auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors reports related specifically to the single audit are included in the single audit section of this report.

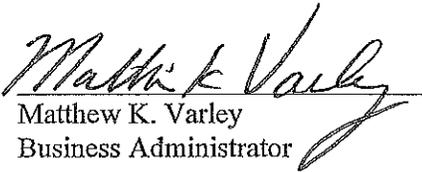
12. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Seaside Heights Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Frank J. Roselli
Superintendent of Schools



Matthew K. Varley
Business Administrator



Joan Buczkowski
Board Secretary

SEASIDE HEIGHTS SCHOOL DISTRICT

1200 Bay Boulevard
Seaside Heights, New Jersey 08751

BOARD OF EDUCATION

Superintendent

Business Administrator

Board Secretary

Support Staff

Instructional Staff

Administrative Staff

SEASIDE HEIGHTS SCHOOL DISTRICT

1200 Bay Boulevard
Seaside Heights, New Jersey 08751

**ROSTER OF OFFICIALS
JUNE 30, 2011**

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Mr. Peter Smith, President	2012
Ms. Frances Little	2012
Mr. Todd Genty	2013
Mr. Christopher Linnell	2013
Mr. Harry Smith	2014

OTHER OFFICIALS

Mr. Frank Roselli, Superintendent

Mr. Matthew K. Varley, CPA, Business Administrator

Joan Buczkowski, Board Secretary

Ms. Kathleen Magarci, Treasurer of School Monies

SEASIDE HEIGHTS SCHOOL DISTRICT

1200 Bay Boulevard
Seaside Heights, NJ 08751

Mr. Frank Roselli
Superintendent

Matthew Varley
Business Administrator

CONSULTANTS AND ADVISORS

ATTORNEY

Mr. David Casadonte
70 East Water Street
Toms River, New Jersey 08753

AUDIT FIRM

Frank B. Holman, III, CPA, PSA
Holman & Frenia, P. C.
10 Allen Street, Suite 2B
Toms River, New Jersey 08753

OFFICIAL DEPOSITORY

Wells Fargo Bank

FINANCIAL SECTION



Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Seaside Heights School District
County of Ocean
Seaside Heights, New Jersey 08751

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2011, on our consideration of the Seaside Heights Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10 through 12 and 48 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers

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

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Frank B. Holman, III
Certified Public Accountant
Public School Accountant
No. 783

November 7, 2011
Toms River, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

SEASHIDE HEIGHTS BOARD OF EDUCATION

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

UNAUDITED

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2011 are as follows:

Total spending for all our programs was \$4,095,436 for the school year ending June 30, 2011. Most of the School District's taxes and state aid program funds were used to support the cost of services for regular instructional programs. State and Federal aid in the amount of \$969,734 supported the educational programs for all our students. The School District's taxes, state aid, grants and contributions and other revenue sources were sufficient to cover all unfunded costs incurred in the school year 2010-2011.

The District remains committed to sound financial management practices in response to the challenges posed by a stagnant economy and the state budget crisis. Overall revenues are expected to decrease this year and costs continue to increase for salaries, healthcare, and routine expenses. However the district will continue to work with the Toms River Regional School District to fund new programs that target student achievement. Our financial goals are clear to present a balanced budget.

For the school year 2010-2011 total expenses were less than total revenue. Thus, there was an increase in the General Activities Net assets of \$244,294.

The following summarizes the net assets at fiscal year ended June 30, 2011.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$1,401,317	\$1,235,352	\$18,693	\$ 40,681	\$1,420,010	\$ 1,276,033
Capital assets, net	1,627,214	1,691,234			1,627,214	1,691,234
Total assets	3,028,531	2,926,586	18,693	40,681	3,017,224	2,967,267
Current liabilities and other	158,469	51,163	18,103	17,770	176,572	68,933
Long-term liabilities	576,456	848,432			576,456	848,432
Total liabilities	734,925	899,595		17,770	753,028	917,365
Net assets:						
Invested in capital assets, net of related debt	1,241,018	1,182,411			1,241,018	1,182,411
Restricted	1,104,421	1,099,119			1,104,421	1,099,119
Unrestricted	(51,833)	(254,539)	590	22,911	(51,243)	(231,628)
Total net assets	\$2,293,606	\$2,026,991	\$590	\$22,911	2,294,196	\$2,049,902

The Statement of Net Assets contains all of the School Board's services both Governmental activities including instruction, plant services, transportation, and business operations. The statement also includes the Business type activity of food service.

Our total net assets on June 30, 2011 were \$2,294,196.

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 that the reader can understand the Seaside Heights Board of Education as an entire operating entity. The statements then proceed to provide increasingly detailed look at specific financial activities.

<p style="text-align: center;">COMPREHENSIVE ANNUAL FINANCIAL REPORT</p> <p style="text-align: center;"><i>Introductory Section</i></p> <p style="text-align: center;">Letter of Transmittal</p> <p style="text-align: center;">Organizational Chart</p> <p style="text-align: center;">Elected Officials and Selected Administrative Officers</p> <p style="text-align: center;"><i>Financial Section</i></p> <p style="text-align: center;">Independent Auditor's Report</p> <p style="text-align: center;">Required Supplemental Information Part I</p> <p style="text-align: center;"><i>Management's Discussion and analysis</i></p> <p style="text-align: center;">Basic Financial Statement</p> <p style="text-align: center;">District-Wide Financial Statements ----- Fund Financial Statements</p> <p style="text-align: center;">Notes to the Basic Financial Statements</p> <p style="text-align: center;">Required Supplemental Information Part II</p> <p style="text-align: center;">Budgetary Information for Major Fund Groups</p> <p style="text-align: center;">Supplemental Information</p> <p style="text-align: center;">Nonmajor Funds Combining Statements & Budgetary Information</p> <p style="text-align: center;">Agency Funds Statements/Schedules</p> <p style="text-align: center;">Capital Assets by Source & Function</p> <p style="text-align: center;"><i>Statistical Section</i></p> <p style="text-align: center;">Ten Year of Historical Financial Operating Data</p> <p style="text-align: center;">Ten Years of Property Tax Rates, Tax Levies & Collections</p> <p style="text-align: center;">Bonded Debt Information</p> <p style="text-align: center;">Property Values</p> <p style="text-align: center;">Demographics & Insurance Data</p> <p style="text-align: center;">Tax Rates</p> <p style="text-align: center;">Demographic & Attendance Data</p>
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District Wide Financial Statements

The district-wide financials are full accrual basis statements. They report all of the District's assets and liabilities, both short and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

Fund Financial Statements

The fund financial statements are comparable to prior year's financial statements. The fund level statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. The fund statements are formatted to comply with the legal requirements of the New Jersey Department of Education's "Accounting Guidelines." In the State of New Jersey, the District's major instructional and instructional support activities are reported in the General Fund, which includes Special Schools, and Capital Outlay. Additional activities are reported in their relevant funds including: Debt Funds, Capital Projects, Enterprise Fund and the School Service Funds.

Reporting the School Board as a Whole

The Statement of Net Assets and the Statement of Activities

While these documents contain the large number of funds used by the School Board to provide programs and activities, the view of the School Board as a whole looks at all financial transactions and asks the question, "How did the School Board do financially during the fiscal year ended June 30, 2011?" The Statement of Net Assets and Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to accounting method used by most private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of the when cash is received or paid.

These two statements report the School Board's assets the difference between assets and liabilities, and changes in those assets. This change in net assets is important because it tells the reader that, for the School Board as a whole, the financial position of the School Board has improved or diminished. The relationship between revenues and expenses is the School Board's *operating results*. However, the School Board's goal is to provide services to its students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School Board.

Requests for Information

This financial report is designed to provide a general overview of the Seaside Heights School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Administrator /Board Secretary's Office, Seaside Heights Board of Education, 1200 Bay Boulevard, Seaside Heights, New Jersey, 08751.

BASIC FINANCIAL STATEMENTS

A. District-Wide Financial Statements

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

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$197,650	13,614	211,264	235,409
Receivables, Net	303,291	5,079	308,370	140,929
Restricted Assets:				
Capital Reserve Account - Cash	556,819		556,819	556,393
Maintenance Reserve Account-Cash	193,385		193,385	193,209
Emergency Reserve Account - Cash	150,172		150,172	150,093
Capital Assets, Net (Note 6)	1,627,214		1,627,214	1,691,234
Total Assets	3,028,531	18,693	3,047,224	2,967,267
LIABILITIES				
Accounts Payable	26,386		26,386	42,638
Accrued Interest Payable	6,505		6,505	8,525
Other Liabilities		18,103	18,103	17,770
Noncurrent Liabilities (Note 7):				
Due Within One Year	125,578		125,578	125,111
Due Beyond One Year	576,456		576,456	723,321
Total Liabilities	734,925	18,103	753,028	917,365
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,241,018		1,241,018	1,182,411
Restricted For:				
Special Revenue	(9,498)		(9,498)	(8,485)
Debt Service	(6,505)		(6,505)	(8,523)
Other Purposes	1,120,424		1,120,424	1,116,127
Unrestricted	(51,833)	590	(51,243)	(231,628)
Total Net Assets	\$2,293,606	590	2,294,196	2,049,902

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

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

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2011	JUNE 30, 2010
Governmental Activities:							
Instruction:							
Regular	\$1,268,296		479,325	(788,971)		(788,971)	(825,765)
Special Education	279,473			(279,473)		(279,473)	(267,009)
Other Special Education	73,670			(73,670)		(73,670)	(69,540)
Support Services & Undistributed Costs:							
Tuition	122,601			(122,601)		(122,601)	(178,553)
Attendance and Social Work Services	30,303			(30,303)		(30,303)	(31,421)
Health Services	70,992			(70,992)		(70,992)	(62,387)
Student & Instruction Related Services	446,863		68,427	(378,436)		(378,436)	(364,554)
Students - Extraordinary Services	54,462			(54,462)		(54,462)	(51,900)
Educational Media Services/School Library	55,197			(55,197)		(55,197)	(48,847)
Instructional Staff Training	851			(851)		(851)	(166)
School Administrative Services	37,984			(37,984)		(37,984)	(53,313)
General Administrative Services	149,649			(149,649)		(149,649)	(147,954)
Central Services	34,979			(34,979)		(34,979)	(41,089)
Administrative Info. Technology	21,025			(21,025)		(21,025)	(20,201)
Plant Operations & Maintenance	253,420			(253,420)		(253,420)	(247,517)
Pupil Transportation	41,057			(41,057)		(41,057)	(58,370)
Unallocated Benefits	972,283			(972,283)		(972,283)	(985,038)
Interest on Long-Term Debt	14,377		26,994	12,617		12,617	13,337
Unallocated Compensated Absences	(21,323)			21,323		21,323	(25,731)
Unallocated Depreciation	64,020			(64,020)		(64,020)	(65,289)
Total Governmental Activities	3,970,179		574,746	(3,395,433)		(3,395,433)	(3,531,307)

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

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2011	JUNE 30, 2010
Business-Type Activities:							
Food Service	125,257	5,866	97,070		(22,321)	(22,321)	19,410
Total Business-Type Activities	125,257	5,866	97,070		(22,321)	(22,321)	19,410
Total Primary Government	\$4,095,436	5,866	671,816	(3,395,433)	(22,321)	(3,417,754)	(3,511,897)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				2,510,311		2,510,311	2,208,391
Taxes Levied for Debt Service				112,028		112,028	108,472
Tuition				41,046		41,046	7,833
Federal & State Aid Not Restricted				969,734		969,734	806,905
Investment Earnings				1,466		1,466	1,973
Miscellaneous Income				27,463		27,463	41,121
Total General Revenues, Special Items, Extraordinary Items & Transfers				3,662,048		3,662,048	3,174,695
Change In Net Assets				266,615	(22,321)	244,294	(337,202)
Net Assets - Beginning				2,026,991	22,911	2,049,902	2,387,104
Net Assets - Ending				\$2,293,606	590	2,294,196	2,049,902

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

B. Fund Financial Statements

Governmental Funds

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

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
				JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$489,859			489,859	331,934
Interfund Receivable	143			143	10,097
Receivables From Other Governments		303,148		303,148	120,489
Restricted Cash & Cash Equivalents	900,376			900,376	899,695
Total Assets	\$1,390,378	303,148		1,693,526	1,362,215
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Overdraft		292,209		292,209	126,863
Accounts Payable	\$5,949	20,437		26,386	42,638
Total Liabilities	5,949	312,646		318,595	169,501
Fund Balances:					
Restricted for:					
Capital Reserve Account	541,819			541,819	556,393
Capital Reserve Account - Designated for Subsequent Year's Expenditures	15,000			15,000	
Maintenance Reserve	193,385			193,385	193,209
Emergency Reserve	150,172			150,172	150,093
Excess Surplus - Designated for Subsequent Year's Expenditures					216,042
Excess Surplus	220,048			220,048	
Assigned for:					
Other purposes	14,326			14,326	
Designated for Subsequent Year's Expenditures	75,000			75,000	75,000
Committed for:					
Reserve for Encumbrances					1,152
Unassigned, Reported in:					
General Fund	174,679			174,679	10,070
Special Revenue Fund		(9,498)		(9,498)	(9,247)
Debt Service Fund					2
Total Fund Balances	1,384,429	(9,498)		1,374,931	1,192,714
Total Liabilities & Fund Balances	\$1,390,378	303,148	-		

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 \$3,725,734 and the accumulated depreciation is \$2,098,520.

1,627,214 1,691,234

Accrued interest payable is not recorded in the fund financial due to the fact that payable is not due in the current period.

(6,505) (8,525)

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 Illustrative Note 7)

(702,034) (848,432)

Net assets of Governmental Activities

\$2,293,606 2,026,991

See Accompanying Notes to Financial Statements

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

	TOTALS (MEMORANDUM ONLY)				
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	JUNE 30, 2011	JUNE 30, 2010
Revenues:					
Local Tax Levy	\$2,510,311		112,028	2,622,339	2,316,863
Tuition	41,046			41,046	7,833
Interest	1,466			1,466	1,973
Miscellaneous	24,380	3,083		27,463	41,121
State Sources	973,830	92,563	26,994	1,093,387	889,273
Federal Sources		451,093		451,093	482,795
Total Revenues	3,551,033	546,739	139,022	4,236,794	3,739,858
Expenditures:					
Current:					
Regular Instruction	788,971	479,325		1,268,296	1,272,501
Special Education Instruction	279,473			279,473	267,009
Other Special Instruction	73,670			73,670	69,540
Support Services & Undistributed Costs:					
Tuition	122,601			122,601	178,553
Attendance & Social Work Services	30,303			30,303	31,421
Health Services	70,992			70,992	62,387
Student & Instruction Related Services	378,436	68,427		446,863	450,866
Students - Extraordinary Services	54,462			54,462	51,900
Educational Media Services/School Library	55,197			55,197	48,847
Instructional Staff Training	851			851	166
General Administrative Services	149,649			149,649	147,954
School Administrative Services	37,984			37,984	53,313
Central Services	34,979			34,979	41,089
Administrative Info. Technology	21,025			21,025	20,201
Plant Operations & Maintenance	251,938			251,938	247,517
Pupil Transportation	41,057			41,057	58,370
Unallocated Benefits	974,731			974,731	987,522
Debt Service:					
Principal			122,627	122,627	119,855
Interest			16,397	16,397	20,732
Capital Outlay	1,482			1,482	4,927
Total Expenditures	3,367,801	547,752	139,024	4,054,577	4,134,670
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures					
Fund Balance - July 1	183,232	(1,013)	(2)	182,217	(394,812)
Fund Balance - June 30	1,201,197	(8,485)	2	1,192,714	1,587,526
Fund Balance - June 30	\$1,384,429	(9,498)		1,374,931	1,192,714

See Accompanying Notes to Financial Statements

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

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$182,217
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>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:</p>		
Depreciation Expense		(64,020)
<p>Repayment of loan 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.</p>		
		122,627
<p>Repayment of principal on ERIP 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.</p>		
Prior Year	\$2,484	
Current Year	<u>(36)</u>	2,448
<p>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.</p>		
Prior Year	8,525	
Current Year	<u>(6,505)</u>	2,020
<p>Repayment of compensated absences 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.</p>		
Prior Year	337,125	
Current Year	<u>(315,802)</u>	<u>21,323</u>
Change in Net Assets of Governmental Activities		<u><u>\$266,615</u></u>

See Accompanying Notes to Financial Statements

Proprietary Funds

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

ASSETS	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUNDS</u>	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2011	JUNE 30, 2010
Cash & Cash Equivalents	\$13,614	13,614	30,338
State Receivables	78	78	477
Federal Receivables	5,001	5,001	9,866
Total Assets	<u>18,693</u>	<u>18,693</u>	<u>40,681</u>
LIABILITIES			
Other Liabilities	18,103	18,103	7,673
Interfund Payable			10,097
Total Liabilities	<u>18,103</u>	<u>18,103</u>	<u>17,770</u>
NET ASSETS			
Unrestricted	<u>590</u>	<u>590</u>	<u>22,911</u>
Total Net Assets	<u><u>\$590</u></u>	<u><u>590</u></u>	<u><u>22,911</u></u>

See Accompanying Notes to Financial Statements

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

	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUNDS</u>	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2011	JUNE 30, 2010
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$5,866	5,866	7,578
Total Operating Revenues	<u>5,866</u>	<u>5,866</u>	<u>7,578</u>
Operating Expenses:			
Cost of Food	107,142	107,142	75,935
Supplies	452	452	104
Labor	17,663	17,663	28,528
Total Operating Expenses	<u>125,257</u>	<u>125,257</u>	<u>104,567</u>
Operating Income/(Loss)	<u>(119,391)</u>	<u>(119,391)</u>	<u>(96,989)</u>
Nonoperating Revenues/(Expenses):			
Interest	43	43	30
State Sources:			
State School Lunch Program	1,327	1,327	2,613
State School Breakfast Program			2,765
Federal Sources:			
Seemless Summer Option Program - Snacks	320	320	1,659
Seemless Summer Option Program - Breakfast	875	875	
National School Lunch Program	64,765	64,765	67,492
National School Breakfast Program	29,740	29,740	41,840
Total Nonoperating Revenues/(Expenses)	<u>97,070</u>	<u>97,070</u>	<u>116,399</u>
Income/(Loss) Before Contributions & Transfers	<u>(22,321)</u>	<u>(22,321)</u>	<u>19,410</u>
Change in Net Assets	(22,321)	(22,321)	19,410
Total Net Assets - Beginning	<u>22,911</u>	<u>22,911</u>	<u>3,501</u>
Total Net Assets - Ending	<u>\$590</u>	<u>590</u>	<u>22,911</u>

See Accompanying Notes to Financial Statements

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2011	JUNE 30, 2010
Cash Flows From Operating Activities:			
Receipts from Customers	\$5,866	5,866	7,578
Payments to Employees	(17,663)	(17,663)	(28,528)
Payments to Suppliers	(97,164)	(97,164)	(69,458)
Net Cash Provided/(Used) by Operating Activities	(108,961)	(108,961)	(90,408)
Cash Flows From Noncapital Financing Activities:			
Interest	43	43	30
State Sources	1,726	1,726	5,351
Federal Sources	100,565	100,565	110,147
Interfund Loan	(10,097)	(10,097)	10,097
Net Cash Provided/(Used) by Noncapital Financing Activities	92,237	92,237	125,625
Net Increase/(Decrease) in Cash & Cash Equivalents			
Balances - Beginning of Year	(16,724)	(16,724)	35,217
Balances - End of Year	30,338	30,338	(4,879)
	\$13,614	13,614	30,338

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

Operating Income/(Loss)	(\$119,391)	(119,391)	(96,989)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Increase/(Decrease) in Accounts Payable	10,430	10,430	6,581
Total Adjustments	10,430	10,430	6,581
Net Cash Provided/(Used) by Operating Activities	(\$108,961)	(108,961)	(90,408)

See Accompanying Notes to Financial Statements

Fiduciary Funds

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

	PRIVATE PURPOSE			TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY	AGENCY PAYROLL FUND	(MEMORANDUM ONLY) JUNE 30, 2011 JUNE 30, 2010	
ASSETS					
Cash & Cash Equivalents	\$10,886	1,002	65,163	77,051	86,806
Total Assets	10,886	1,002	65,163	77,051	86,806
LIABILITIES					
Accrued Salaries & Wages			65,020	65,020	75,943
Due to General Fund			143	143	
Due to Student Groups		1,002		1,002	2,667
Total Liabilities		1,002	65,163	66,165	78,610
NET ASSETS					
Undesignated	10,886			10,886	8,196
Total Net Assets	\$10,886			10,886	8,196

See Accompanying Notes to Financial Statements

**SEASIDE HEIGHTS BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	TOTALS (MEMORANDUM ONLY) JUNE 30, JUNE 30, 2011 2010	
ADDITIONS:			
Contributions:			
Other	\$6,268	6,268	6,572
Total Contributions	6,268	6,268	6,572
Investment Earnings:			
Interest	9	9	7
Net Investment Earnings	9	9	7
Total Additions	6,277	6,277	6,579
DEDUCTIONS:			
Unemployment Claims	3,587	3,587	3,655
Total Deductions	3,587	3,587	3,655
Change in Net Assets	2,690	2,690	2,924
Net Assets - Beginning of the Year	8,196	8,196	5,272
Net Assets - End of the Year	\$10,886	10,886	8,196

See Accompanying Notes to Financial Statements

**SEASIDE HEIGHTS
BOARD OF EDUCATION**

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

SEASIDE HEIGHTS BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies

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

The District implemented these standards beginning with the fiscal year-ending June 30, 2004. With the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 44 – *Economic Condition Reporting – The Statistical Section*. Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*; and Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

A. Reporting Entity

The Seaside Heights Board of Education is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 5 members elected to three-year terms. These terms are staggered so that members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, vocational, as well as, special education for handicapped youngsters. The District comprises one elementary school located in Seaside Heights. The Seaside Heights Board of Education has an approximate enrollment at June 30, 2011 of 200 students.

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

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

A. Reporting Entity (continued):

- ◆ 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

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

B. District-Wide and Fund Financial Statements

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

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

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

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

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

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

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

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

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

D. Fund Accounting

The accounts of the Seaside Heights Board of Education are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories as follows:

Governmental Funds

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

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

D. Fund Accounting (continued):

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

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

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

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

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

Proprietary Fund

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

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

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

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

D. Fund Accounting (continued):

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

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

Food Service Fund:	
Equipment	5-7 Years
Light Trucks & Vehicle	7 Years
Heavy Trucks & Vehicle	7 Years

Fiduciary Fund

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

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

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

E. Basis of Accounting

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

SEASIDE HEIGHTS BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

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

E. Basis of Accounting (continued):

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

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

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

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

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, 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:23-1.2*. All budget amendments must be approved by School Board resolution.

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

F. Budgets/Budgetary Control (continued):

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$3,532,497	\$562,619
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	93,857	8,485
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	(75,321)	(9,948)

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

F. Budgets/Budgetary Control (continued):

	General Fund	Special Revenue Fund
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized	_____	(14,867)
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$3,551,033</u>	<u>\$546,739</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$3,367,801	\$562,619
Encumbrances for supplies and equipment ordered But not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	_____	(14,867)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$3,367,801</u>	<u>\$547,752</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 Seaside Heights Board of Education has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

SEASIDE HEIGHTS BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED JUNE 30, 2011

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

H. Cash, Cash Equivalents and Investments

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

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

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

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

I. Short-Term Interfund Receivables/Payables

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

J. Fixed Assets

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

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

J. Fixed Assets (continued):

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

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

K. Accrued Salaries and Wages

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

L. Compensated Absences

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

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

M. Deferred Revenue

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

N. Long-Term Obligations

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

SEASIDE HEIGHTS BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011

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

O. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

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

P. Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2011 through November 7, 2011, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents and Investments

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

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$1,188,691</u>
Total Deposits	<u>\$1,188,691</u>
Reconciliation of Statements of Net Assets:	
Governmental-Type Activity	\$1,098,026
Business-Type Activity	13,614
Fiduciary Fund	<u>77,051</u>
Total Cash and Cash Equivalents	<u>\$1,188,691</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$1,391,452 at June 30, 2011. Of the bank balance \$250,000 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$1,141,452 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

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

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

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

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

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

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

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

SEASIDE HEIGHTS BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED JUNE 30, 2011

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

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

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

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

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

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

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

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 4. Capital Reserve Account

The capital reserve account was established by the District for the accumulation for funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated 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-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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	\$556,393
Interest Earnings	<u>426</u>
Ending Balance, June 30, 2011	<u>\$556,819</u>

Note 5. Maintenance Reserve Account

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.18A:7G-9*) as amended by P.L. 2004, c. 73 (S1701). Districts may only increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (*N.J.A.C. 6A:23A-14.2*) or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at year end. The board resolution for deposit at year end into a maintenance reserve account must be made between June 1 and June 20 of the budget year. EFCFA requires that upon District completion of a school facilities project, the district must submit a plan for the maintenance of that facility. Auditors and District staff should refer to the regulations, *N.J.A.C.6A:26A*, for further guidance. A separate line is provided in the Audsum for this reserve account.

GASBS No. 54 requires the further categorization of the maintenance reserve account balance on the *Governmental Funds Balance Sheet* (Exhibit B-1) as restricted, committed, and/or assigned. The Department recommends reporting the maintenance reserve under "Restricted" fund balance due to the statutory and regulatory restrictions on withdrawals from maintenance reserve. The same categorization is applicable to the *General Fund Budgetary Comparison Schedule* (Exhibit C-1).

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 5. Maintenance Reserve Account (continued):

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

Beginning Balance, July 1, 2010	\$193,209
Interest Earnings	<u>176</u>
Ending Balance, June 30, 2011	<u>\$193,385</u>

Note 6. Emergency Reserve Account

The emergency reserve account is used to accumulate funds in accordance with *N.J.S.A. 18A:7F-41c(1)* to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

GASBS No. 54 requires the further categorization of the emergency reserve account balance on the *Governmental Funds Balance Sheet* (Exhibit B-1). The emergency reserve has significant externally imposed restrictions on its withdrawal and should be categorized as "Restricted" fund balance. The same categorization is applicable to the *General Fund Budgetary Comparison Schedule* (Exhibit C-1)

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

Beginning Balance, July 1, 2010	\$150,093
Interest	<u>79</u>
Ending Balance, June 30, 2011	<u>\$150,172</u>

Note 7. Transfers to Capital Outlay

During the year ending June 30, 2011, the District transferred \$ -0- to the capital outlay accounts.

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 8. Fixed Assets

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

	June 30, 2010	Additions	Deletions	June 30, 2011
Sites & Building	\$2,849,809		\$ -	\$2,849,809
Machinery & Equipment	<u>875,925</u>			<u>875,925</u>
Subtotal	3,725,734			3,725,734
Accumulated Depreciation	<u>(2,034,500)</u>	<u>\$(64,020)</u>		<u>(2,098,520)</u>
Total	<u>\$1,691,234</u>	<u>\$(64,020)</u>	<u>\$ -</u>	<u>\$1,627,214</u>

Note 9. Noncurrent Liabilities

During the fiscal year ended June 30, 2011 the following changes occurred in noncurrent liabilities:

	Balance 6/30/10	Increase/ (Decrease)	Balance 6/30/11	Due Within One Year
Loans Payable	\$508,823	\$(122,627)	\$386,196	\$125,542
Early Retirement Program	2,484	(2,448)	36	36
Compensated Absences Payable	<u>337,125</u>	<u>(21,323)</u>	<u>315,802</u>	
Total	<u>\$848,432</u>	<u>\$(146,398)</u>	<u>\$702,034</u>	<u>\$125,578</u>

A. Loans Payable

The voters of the municipality through referendums authorize bonds and loans in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Principal and interest due on loans outstanding are as follows:

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 9. Noncurrent Liabilities (continued):

Facilities Program

June 30,	Principal	Interest	Total
2012	\$ 54,816	\$2,056	\$ 56,872
2013	54,816	1,233	56,049
2014	54,816	411	55,227
Total	<u>\$164,448</u>	<u>\$3,700</u>	<u>\$168,148</u>

Small Projects

June 30,	Principal	Interest	Total
2012	\$ 70,726	\$ 9,856	\$ 80,582
2013	73,863	6,033	79,896
2014	77,159	2,040	79,199
Total	<u>\$221,748</u>	<u>\$17,929</u>	<u>\$239,677</u>

B. Bonds Authorized but not Issued

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

Note 10. Pension Plans

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

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established in January 1955, under the provisions of *N.J.S.A. 18A:66* to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related noncontributing employers. Membership is mandatory for substantially all

SEASIDE HEIGHTS BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED JUNE 30, 2011

Note 10. Pension Plans (continued):

teachers or members of the professional staff certified by the State Board of Examiners and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:66* for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to 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.

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 10. Pension Plans (continued):

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

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

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$49,815	100%	\$ -0-
6/30/10	37,868	100%	-0-
6/30/09	33,056	100%	-0-

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$93,260	100%	\$ -0-
6/30/10	87,831	100%	-0-
6/30/09	83,237	100%	-0-

During the year ended June 30, 2011 the State of New Jersey contributed \$93,260 to the TPAF for normal post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A.18A:66-66* the State of New Jersey reimbursed the District \$105,875 for the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the Basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 11. Post-Retirement Benefits

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

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

Note 12. Risk Management

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

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

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

Fiscal Year	District Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2010-2011	\$6,268	\$ 9	\$3,587	\$10,886
2009-2010	6,572	7	3,655	8,196
2008-2009	4,138	26	3,992	5,273

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 13. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2011 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Note 14. Economic Dependency

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

Note 15. Deficit Fund Balances

The District has a deficit fund balance of \$9,498 in the Special Revenue Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). P.L. 2003, C97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes as asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Note 16. GASB #54 Fund Balance Disclosures

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Barnegat Township School District classifies governmental fund balances as follows:

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 16. GASB #54 Fund Balance Disclosures (continued):

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

General Fund – Of the \$1,384,429 General Fund fund balance at June 30, 2011, \$541,819 has been restricted for the capital reserve account; \$15,000 has been restricted for the capital reserve account – designated for subsequent year’s expenditures; \$193,385 has been restricted for the maintenance reserve account; \$150,172 been restricted for the emergency reserve account; \$220,048 has been restricted for the excess surplus; \$89,326 has been assigned and \$174,679 is unassigned.

Note 17. Litigation

There is no pending litigation involving any material monetary amount.

Note 18. Interfund Receivables and Payables

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$143	
Fiduciary Fund	—	\$ 143
Total	<u>\$143</u>	<u>\$ 143</u>

The purpose of these interfunds are for short-term borrowings.

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 19. Deferred Compensation

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

Equitable

Lincoln Financial

Note 20. 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 vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2011 is \$315,802.

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

Note 21. Agreement with Toms River Regional School District

In September of 2003, the District approved a working agreement with Toms River Regional School District. The working agreement is for the Toms River Regional School District to run the everyday activities of the Seaside Heights School District. Under the agreement, the Seaside Heights School District will still remain autonomous with respect to making its own major financial decisions. Seaside Heights School District expects that this agreement will ultimately save money while improving the quality of education that the students receive. The agreement has received approval by the New Jersey, Department of Education.

SEASIDE HEIGHTS BOARD OF EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

Note 22. Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), and the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District had excess fund balance of \$220,048 at June 30, 2011.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

SEASIDE HEIGHTS BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:										
Local Sources:										
Local Tax Levy	10-1210	\$2,510,311		2,510,311	2,510,311		2,208,391		2,208,391	2,208,391
Tuition	10-1300	15,000		15,000	41,046	26,046				7,833
Interest on Capital Reserve	10-1XXX				657	657	5,000		5,000	453
Interest	10-1XXX				809	809	17,683		17,683	1,520
Miscellaneous	10-1XXX	5,000		5,000	24,380	19,380				41,121
Total Local Sources		2,530,311		2,530,311	2,577,203	46,892	2,231,074		2,231,074	2,259,318
State Sources:										
Categorical Transportation Aid	10-3121	11,282		11,282	11,282		10,918	(3,821)	7,097	7,097
Categorical Special Education Aid	10-3132	99,058		99,058	99,058		84,906	(29,715)	55,191	55,191
Equalization Aid	10-3176	158,815		158,815	158,815					
Categorical Security Aid	10-3177	75,701		75,701	75,701		61,927	(21,674)	40,253	40,253
Adjustment Aid	10-3178	411,303		411,303	411,303		780,705	(273,247)	507,458	507,458
Nonbudgeted:										
On-Behalf TPAF Pension Contributions					93,260	93,260				87,831
Reimbursed TPAF Social Security Contributions					105,875	105,875				106,643
Total State Sources		756,159		756,159	955,294	199,135	938,456	(328,457)	609,999	804,473
Federal Sources:										
Special Education - Medicaid Initiative	10-4200	100		100		(100)	100	(100)		
Total Federal Services		100		100		(100)	100	(100)		
Total Revenues		3,286,570		3,286,570	3,532,497	245,927	3,169,630	(328,557)	2,841,073	3,063,791

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SEASIDE HEIGHTS BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Expenditures:												
Current Expense:												
Instruction - Regular Programs:												
Salaries of Teachers:												
	Kindergarten	11-110-100-101	128,930		128,930	124,977	3,953	122,900	25,820	148,720	148,720	
	Grades 1 - 5	11-120-100-101	667,370	(10,000)	657,370	620,878	36,492	645,730	(43,985)	601,745	601,745	
	Grades 6 - 8	11-130-100-101	16,960	(3,802)	13,158	10,112	3,046	67,600	(51,680)	15,920	15,920	
49	Regular Programs - Home Instruction:											
	Salaries of Teachers	11-150-100-101							460	460	460	
	Purchased Professional Services	11-150-100-320		1,930	1,930		1,930	5,000	(5,000)			
Regular Programs - Undistributed:												
	Purchased Educational Services	11-190-100-320	2,500	1,872	4,372	1,940	2,432	2,500	499	2,999	2,999	
	Other Purchased Services	11-190-100-500	10,000	(4,500)	5,500	1,665	3,835	15,000	(5,580)	9,420	2,031	7,389
	General Supplies	11-190-100-610	18,518	14,500	33,018	21,408	11,610	25,000	5,422	30,422	29,981	441
	Textbooks	11-190-100-640	3,000		3,000	1,298	1,702	6,285		6,285	5,514	771
	Other Objects	11-190-100-890	20,000		20,000	6,693	13,307	20,000	180	20,180	18,395	1,785
Total Instruction - Regular Programs			867,278		867,278	788,971	78,307	910,015	(73,864)	836,151	825,765	10,386
Special Education:												
Learning and/or Language Disabilities												
	Salaries of Teachers	11-204-100-101	117,510	(190)	117,320	102,943	14,377	107,500	(3,120)	104,380	98,141	6,239
	Other Salaries for Instruction	11-204-100-106	51,210	190	51,400	51,400		53,700	(7,500)	46,200	42,914	3,286
	Other Purchased Services	11-204-100-500	2,500		2,500		2,500	2,500	(2,500)			
	General Supplies	11-204-100-610	2,000		2,000	560	1,440	4,000		4,000	2,705	1,295
	Textbooks	11-204-100-640	1,000		1,000		1,000	3,000	(3,000)			
Total Learning and/or Language Disabilities			174,220		174,220	154,903	19,317	170,700	(16,120)	154,580	143,760	10,820
Resource Room/Center:												
	Salaries of Teachers	11-213-100-101	128,930		128,930	124,077	4,853	122,900		122,900	122,900	
	General Supplies	11-213-100-610	1,500		1,500	493	1,007	3,000		3,000	349	2,651

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

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Resource Room/Center	130,430		130,430	124,570	5,860	125,900		125,900	123,249	2,651
Total Special Education	304,650		304,650	279,473	25,177	296,600	(16,120)	280,480	267,009	13,471
Basic Skills - Instruction										
Salaries of Others	26,420		26,420	25,500	920	23,500		23,500	23,500	
Total Basic Skills - Instruction	26,420		26,420	25,500	920	23,500		23,500	23,500	
Bilingual Education:										
Salaries of Teachers	49,170		49,170	47,820	1,350	46,000		46,000	46,000	
General Supplies	1,000		1,000	350	650	2,000		2,000	40	1,960
Textbooks						1,000		1,000		1,000
Total Bilingual Education - Instruction	50,170		50,170	48,170	2,000	49,000		49,000	46,040	2,960
Total Instruction	1,248,518		1,248,518	1,142,114	106,404	1,279,115	(89,984)	1,189,131	1,162,314	26,817
Undistributed Expenditures:										
Tuition to Other LEA's - State Special	63,055	(60,288)	2,767	1,931	836	70,122	(5,621)	64,501	46,571	17,930
Tuition to County Special Services & Regular Day Schools	49,988	60,288	110,276	48,938	61,338	58,991	26,707	85,698	85,698	
Tuition to Private Schools - Handicapped Within State	123,571		123,571	71,732	51,839		46,284	46,284	46,284	
Total Undistributed Expenditures - Instruction	236,614		236,614	122,601	114,013	129,113	67,370	196,483	178,553	17,930
Attendance & Social Work Services:										
Salaries	33,210		33,210	30,303	2,907	31,895	(474)	31,421	31,421	
Supplies and Materials	1,000	1,269	2,269		2,269	1,000	(1,000)			
Total Attendance & Social Work Services	34,210	1,269	35,479	30,303	5,176	32,895	(1,474)	31,421	31,421	

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SEASIDE HEIGHTS BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Health Services:											
Salaries	11-000-213-100	67,220	1,631	68,851	68,851		61,900		61,900	58,839	3,061
Purchased Professional Services	11-000-213-300	1,500	(1,500)				1,500	(1,392)	108	108	
Supplies and Materials	11-000-213-600	3,000	1,285	4,285	2,141	2,144	5,000	(1,560)	3,440	3,440	
Total Health Services		71,720	1,416	73,136	70,992	2,144	68,400	(2,952)	65,448	62,387	3,061
Other Support Services - Students - Related Services:											
Salaries	11-000-216-100	67,220	(2,500)	64,720	63,820	900	61,900		61,900	61,900	
Purchased Professional Services	11-000-216-320	7,500	12,500	20,000	20,000		7,500	17,586	25,086	25,086	
Supplies and Materials	11-000-216-600	1,000		1,000	278	722	2,000	(1,252)	748	451	297
Other Objects	11-000-216-800	1,000		1,000		1,000	1,000		1,000	866	134
Total Other Support Services - Students - Related Services		76,720	10,000	86,720	84,098	2,622	72,400	16,334	88,734	88,303	431
Other Support Services - Students - Extraordinary Services:											
Salaries	11-000-217-106	57,020		57,020	54,462	2,558	51,900		51,900	51,900	
Total Other Support Services - Students - Extraordinary Services		57,020		57,020	54,462	2,558	51,900		51,900	51,900	
Other Support Services - Students - Regular:											
Purchased Professional Services	11-000-218-320	60,000	(2,075)	57,925	57,925		60,000	(4,920)	55,080	55,080	
Supplies & Materials	11-000-218-600	1,000	(80)	920		920	1,000	(925)	75	75	
Total Other Support Services - Students - Regular		61,000	(2,155)	58,845	57,925	920	61,000	(5,845)	55,155	55,155	
Other Support Services - Students - Special Services:											
Salaries of Other Professional Staff	11-000-219-104	38,760	7,605	46,365	46,365		61,350	(28,664)	32,686	32,686	
Salaries of Secretarial & Clerical Assistants	11-000-219-105	36,620	3,451	40,071	40,071		34,646	2,307	36,953	36,953	
Purchased Professional & Educational Services	11-000-219-320	130,000	(10,482)	119,518	117,269	2,249	110,000	8,747	118,747	118,732	15
Miscellaneous Purchased Services	11-000-219-592	1,000	(1,000)				1,000	273	1,273	1,273	
Supplies & Materials	11-000-219-600	4,000	(1,292)	2,708	2,708		7,500	(6,406)	1,094	1,093	1
Other Objects	11-000-219-890	5,000	(5,000)				500	(141)	359	359	

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

	ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Total Other Support Services - Students - Special Services		215,380	(6,718)	208,662	206,413	2,249	214,996	(23,884)	191,112	191,096	16
Improvement of Instructional Services:											
Purchased Professional & Educational Services	11-000-221-320	30,000		30,000	30,000		30,000		30,000	30,000	
Total Improvement of Instructional Services		30,000		30,000	30,000		30,000		30,000	30,000	
Educational Media Services/School Library:											
Salaries	11-000-222-100	28,050	(550)	27,500	27,500		25,500		25,500	25,500	
Salaries-Technology	11-000-222-177	28,560	(2,960)	25,600	25,600		25,000		25,000	22,027	2,973
Supplies & Materials	11-000-222-600	2,500	(303)	2,197	2,097	100	2,500	(918)	1,582	1,320	262
Total Educational Media Services/School Library		59,110	(3,813)	55,297	55,197	100	53,000	(918)	52,082	48,847	3,235
Instructional Staff Training Services:											
Salaries of Other Professional Staff	11-000-223-104	1,020		1,020		1,020	1,000	(1,000)			
Purchased Professional & Educational Services	11-000-223-320	5,000		5,000	345	4,655	5,000		5,000	166	4,834
Other Purchased Professional Services	11-000-223-390	4,000		4,000		4,000		1,000	1,000		1,000
Misc. Purchased Services	11-000-223-590						4,000	(4,000)			
Supplies & Materials	11-000-223-600	2,000		2,000	506	1,494	1,000		1,000		1,000
Total Instructional Staff Training Services		12,020		12,020	851	11,169	11,000	(4,000)	7,000	166	6,834
Support Services - General Administration:											
Salaries	11-000-230-100	54,630	566	55,196	53,490	1,706	58,084		58,084	55,600	2,484
Salaries	11-000-230-110	4,000		4,000	3,600	400					
Legal Services	11-000-230-331	30,000	(3,744)	26,256	22,732	3,524	20,000	15,000	35,000	32,247	2,753
Audit Services	11-000-230-332	13,500	(1,500)	12,000	11,850	150	13,500		13,500	12,600	900
Other Purchased Professional Services	11-000-230-339	30,000		30,000	30,000		30,000		30,000	30,000	
Other Purchased Services	11-000-230-440		6,500	6,500	6,113	387					
Communications/Telephone	11-000-230-530	5,000	1,000	6,000	4,360	1,640	5,000		5,000	372	4,628

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

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Support Services - General Administration (continued):											
BOE Other Purchased Services	11-000-230-585	1,000		1,000	896	104	1,000		1,000	800	200
Other Purchased Services	11-000-230-590	6,500	(6,500)					3,000	3,000	2,925	75
General Supplies	11-000-230-610	5,000	3,678	8,678	8,678		5,000		5,000	4,382	618
In-House Training	11-000-230-630	1,500		1,500	1,500		1,500		1,500	1,500	
Miscellaneous Expenditures	11-000-230-890	4,250		4,250	3,634	616	7,750	(3,500)	4,250	3,600	650
BOE Membership Dues & Fees	11-000-230-895	4,000		4,000	2,796	1,204	4,000		4,000	3,928	72
Total Support Services General Administration		159,380		159,380	149,649	9,731	145,834	14,500	160,334	147,954	12,380
Support Services - School Administration:											
Salaries of Secretarial & Clerical Assistants											
	11-000-240-105	38,250		38,250	37,163	1,087	36,444	11,000	47,444	38,149	9,295
Purchased Professional & Educational Services											
	11-000-240-300	15,000		15,000		15,000	60,000	(29,500)	30,500	15,000	15,500
Supplies & Materials											
	11-000-240-600	1,000		1,000	821	179	1,000	9,000	10,000	164	9,836
Total Support Services School Administration		54,250		54,250	37,984	16,266	97,444	(9,500)	87,944	53,313	34,631
Central Services:											
Salaries											
	11-000-251-100	33,000		33,000	30,000	3,000	30,000		30,000	30,000	
Other Purchased Professional Services											
	11-000-230-340						5,000	(5,000)			
Miscellaneous Purchased Services											
	11-000-251-592	5,000	(2,500)	2,500		2,500		6,114	6,114	6,114	
Supplies & Materials											
	11-000-251-600	5,000	2,500	7,500	3,692	3,808	5,000		5,000	4,643	357
Other Objects											
	11-000-251-890	2,000		2,000	1,287	713	2,000	(1,114)	886	332	554
Total Central Services		45,000		45,000	34,979	10,021	42,000		42,000	41,089	911
Administrative Information Technology:											
Salaries											
	11-000-252-100	6,000		6,000	6,000		6,000		6,000	6,000	
Purchased Technical											
	11-000-252-340	11,500		11,500	8,284	3,216	8,000	3,500	11,500	11,273	227
Tech Supplies & Materials											
	11-000-252-600	12,000		12,000	6,741	5,259	5,000	95	5,095	2,928	2,167

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

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Total Administrative Information Technology	29,500		29,500	21,025	8,475	19,000	3,595	22,595	20,201	2,394	
Regular Maintenance School Facilities:											
Salaries	11-000-261-100	35,720		35,720	24,450	11,270	35,810		35,810	21,396	14,414
Cleaning, Repairs & Maintenance Services	11-000-261-420	15,000		15,000	5,892	9,108	30,000	(5,000)	25,000	11,518	13,482
General Supplies	11-000-261-610	10,000		10,000	50	9,950	15,000	393	15,393	13,211	2,182
Total Regular Maintenance School Facilities		60,720		60,720	30,392	30,328	80,810	(4,607)	76,203	46,125	30,078
Operation & Maintenance of Plant Services & School Facilities:											
Salaries	11-000-262-100	59,350	3,000	62,350	60,573	1,777	66,273	5,430	71,703	61,300	10,403
Purchased Professional	11-000-262-300	10,000	5,000	15,000	15,000		15,000	(5,000)	10,000	2,619	7,381
Cleaning, Repair & Maintenance Services	11-000-262-420	15,000		15,000	11,674	3,326	27,500	(4,314)	23,186	15,399	7,787
Insurance	11-000-262-520	30,000	(3,662)	26,338	26,338		30,000		30,000	29,992	8
General Supplies	11-000-262-610	15,000	(3,000)	12,000	10,568	1,432	20,000	(2,792)	17,208	6,057	11,151
Energy (Heat & Electricity)	11-000-262-620	65,000	(5,000)	60,000	57,248	2,752	85,000	(19,100)	65,900	50,828	15,072
Other Objects	11-000-262-800							1,100	1,100	1,100	
Total Operation & Maintenance of Plant Services & School Facilities		194,350	(3,662)	190,688	181,401	9,287	243,773	(24,676)	219,097	167,295	51,802
Care & Upkeep of Grounds:											
Purchased Technical	11-000-263-300	5,000	2,500	7,500	5,695	1,805	5,000	(578)	4,422	1,539	2,883
Cleaning, Repair & Maintenance Services	11-000-263-420	2,500	(2,500)				2,500		2,500		2,500
Total Care & Upkeep of Grounds		7,500		7,500	5,695	1,805	7,500	(578)	6,922	1,539	5,383
Security:											
Salaries	11-000-266-100	34,450		34,450	34,450		30,000	3,000	33,000	32,558	442

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

ACCOUNT NUMBER	JUNE 30, 2011				POSITIVE/ (NEGATIVE)	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	
Total Security	34,450		34,450	34,450		30,000	3,000	33,000	32,558	442	
Student Transportation Services:											
Contracted Services (Between Home & School) - Vendors	11-000-270-511						884	884	884		
Contracted Services (Special Education) Joint agreements	11-000-270-515	60,000		60,000	41,057	18,943	50,000	8,370	58,370	57,486	884
Total Student Transportation Services		60,000		60,000	41,057	18,943	50,000	9,254	59,254	58,370	884
Unallocated Benefits Employee Benefits:											
Social Security Contributions	11-000-291-220	60,000	(11,947)	48,053	33,801	14,252	60,000		60,000	41,033	18,967
TPAF Contributions - ERIP	11-000-291-232	5,000		5,000	2,448	2,552	5,000	71	5,071	2,867	2,204
Other Retirement Contributions - Regular	11-000-291-241	37,868	11,947	49,815	49,815		30,000	7,868	37,868	37,868	
Other Retirement Contributions	11-000-291-242	4,500		4,500	3,989	511					
Unemployment Benefits	11-000-291-250	5,000		5,000		5,000	5,000	(670)	4,330	4,330	
Workman's Compensation	11-000-291-260	27,500	3,780	31,280	31,279	1	25,000	5,327	30,327	28,450	1,877
Health Benefits	11-000-291-270	650,000		650,000	620,468	29,532	590,000	55,000	645,000	643,743	1,257
Tuition Reimbursement	11-000-291-280	5,000	(117)	4,883		4,883	5,000	(191)	4,809	960	3,849
Other Employee Benefits	11-000-291-290	33,800		33,800	33,796	4	35,132	(1,335)	33,797	33,797	
Total Unallocated Benefits - Employee Benefits		828,668	3,663	832,331	775,596	56,735	755,132	66,070	821,202	793,048	28,154
On-Behalf TPAF Pension Contributions					93,260	(93,260)				87,831	(87,831)
Reimbursed TPAF Social Security Contributions					105,875	(105,875)				106,643	(106,643)
Total Undistributed Expenditures		2,327,612		2,327,612	2,224,205	103,407	2,196,197	101,689	2,297,886	2,293,794	4,092
Total Expenditures - Current Expense		3,576,130		3,576,130	3,366,319	209,811	3,475,312	11,705	3,487,017	3,456,108	30,909
Capital Outlay:											
Facilities Acquisition & Construction Services:											
Construction Services	12-000-400-450	1,482		1,482	1,482						

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

	JUNE 30, 2011				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Facilities Acquisition & Construction Services	1,482		1,482	1,482						
Total Capital Outlay	1,482		1,482	1,482						
Total Expenditures	3,577,612		3,577,612	3,367,801	209,811	3,475,312	11,705	3,487,017	3,456,108	30,909
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(291,042)		(291,042)	164,696	455,738	(305,682)	(340,262)	(645,944)	(392,317)	253,627
Other Financing Uses:										
Deposit to Maintenance Reserve						(25,000)		(25,000)		25,000
Deposit to Emergency Reserve						(75,000)		(75,000)		75,000
Deposit to Capital Reserve						(70,000)		(70,000)		70,000
Interest Transfer to Capital Reserve						(5,000)		(5,000)		5,000
Sources Over/(Under) Expenditures & Other Financing Uses	(291,042)		(291,042)	164,696	455,738	(480,682)	(340,262)	(820,944)	(392,317)	428,627
Fund Balances, July 1	1,295,054		1,295,054	1,295,054		1,687,371		1,687,371	1,687,371	
Fund Balances, June 30	\$1,004,012	-	1,004,012	1,459,750	455,738	1,206,689	(340,262)	866,427	1,295,054	428,627

RECAPITULATION OF FUND BALANCE

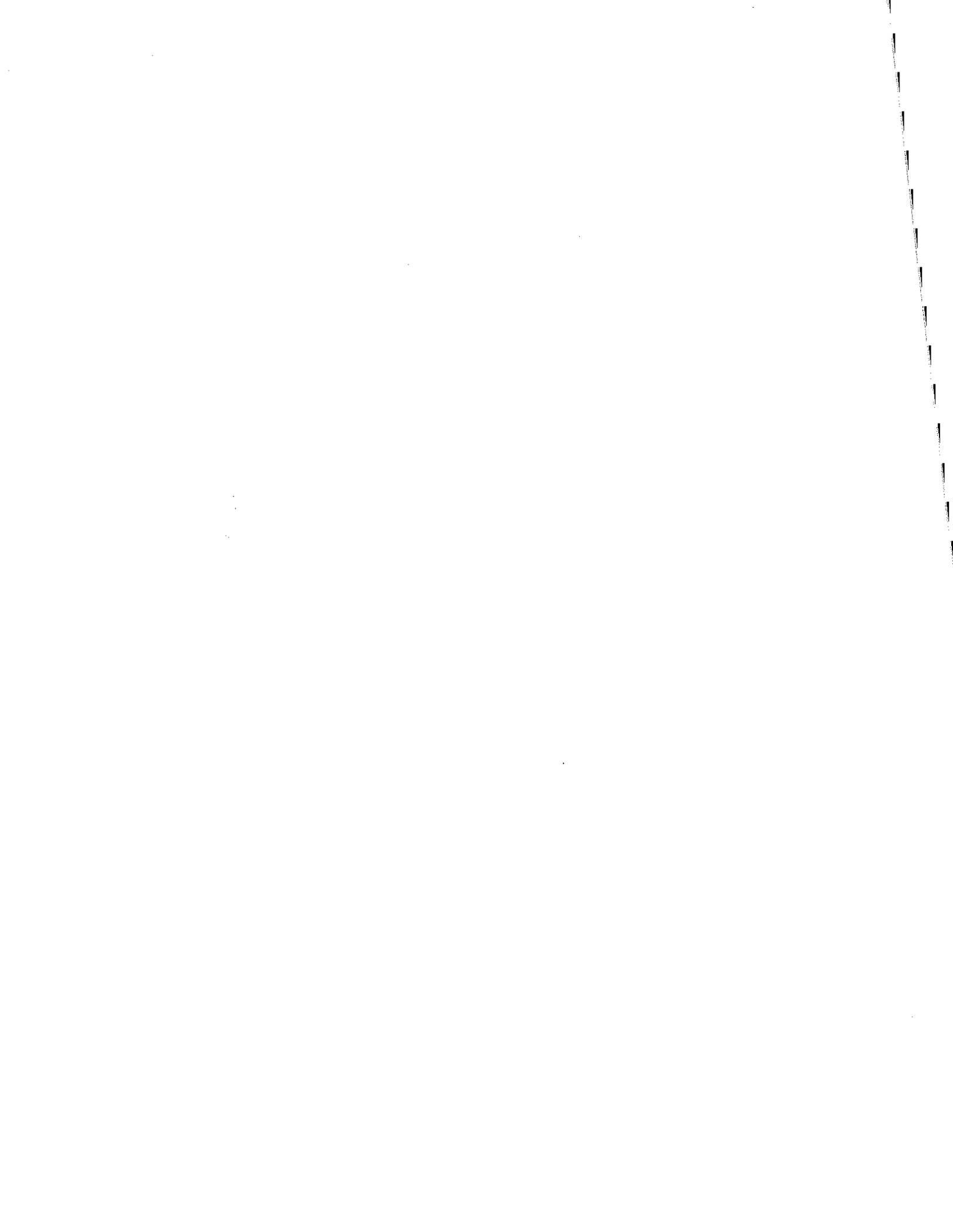
Restricted Fund Balance:	
Capital Reserve Account	\$541,819
Capital Reserve Account - Designated for Subsequent Years Expenditures	15,000
Maintenance Reserve Account	193,385
Emergency Reserve	150,172
Excess Surplus - Current Year	220,048
Assigned Fund Balance:	
Reserve for Encumbrances	14,326
Designated for Subsequent Years Expenditures	75,000
Unassigned Fund Balance	250,000
Subtotal	1,459,750
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	(75,321)
Total Fund Balance per Governmental Funds (GAAP)	\$1,384,429

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

	JUNE 30, 2011				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES:										
Local Sources		3,083	3,083	3,083						
State Sources	\$93,576		93,576	93,576		84,892	(29,712)	55,180	55,180	
Federal Sources	354,981	189,617	544,598	465,960	78,638	310,628	334,463	645,091	478,570	166,521
Total - Revenues	448,557	192,700	641,257	562,619	78,638	395,520	304,751	700,271	533,750	166,521
EXPENDITURES:										
Instruction:										
Salaries of Teachers	341,500	6,410	347,910	310,099	37,811	295,575	67,970	363,545	301,436	62,109
Other Salaries for Instruction	25,500	8,727	34,227	32,307	1,920	23,500	3,760	27,260	25,700	1,560
Purchased Professional & Technical Services		40,209	40,209	36,614	3,595		2,571	2,571	2,143	428
Tuition	74,981	5,558	80,539	80,539		72,553	16,892	89,445	89,446	(1)
General Supplies	6,576	24,053	30,629	18,605	12,024	3,892	19,714	23,606	12,117	11,489
Other objects		1,200	1,200	1,161	39		15,895	15,895	15,894	1
Total Instruction	448,557	86,157	534,714	479,325	55,389	395,520	126,802	522,322	446,736	75,586
Support Services:										
Salaries of Support		5,588	5,588	2,964	2,624		3,120	3,120	3,120	
Personal Services - Employee Benefits		48,449	48,449	38,560	9,889		42,487	42,487	31,748	10,739
Purchased Professional - Educational Services		25,199	25,199	22,219	2,980		71,158	71,158	1,496	69,662
Supplies		19,968	19,968	16,968	3,000		47,646	47,646	14,809	32,837
Other Purchased Services		5,283	5,283	2,583	2,700		6,038	6,038	30,914	(24,876)
Total Support Services		104,487	104,487	83,294	21,193		170,449	170,449	82,087	88,362
Facilities Acquisition & Construction:										
Instructional Equipment		2,056	2,056		2,056		7,500	7,500	4,927	2,573
Total Facilities Acquisition & Construction		2,056	2,056		2,056		7,500	7,500	4,927	2,573
Total Expenditures	448,557	192,700	641,257	562,619	78,638	395,520	304,751	700,271	533,750	166,521
Total Outflows	448,557	192,700	641,257	562,619	78,638	395,520	304,751	700,271	533,750	166,521
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION



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

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$3,532,497	562,619
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	93,857	8,485
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(75,321)	(9,498)
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(14,867)
		<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<hr/> <u>\$3,551,033</u>	<hr/> <u>546,739</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$3,367,801	562,619
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	\$763	
Current Year	<u>(15,630)</u>	<hr/> <u>(14,867)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<hr/> <u>\$3,367,801</u>	<hr/> <u>547,752</u>

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules

Not Applicable

E. Special Revenue Fund

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

	PRESCHOOL EDUCATION AID	ARRA IDEA PART B FY 2010	I.D.E.A. PART B FY 2011	ARRA I.D.E.A. PRESCHOOL FY 2010
Revenues:				
State Sources	\$93,576			
Federal Sources		56,504	67,114	261
Local Sources				
Total Revenues	\$93,576	56,504	67,114	261
Expenditures:				
Instruction:				
Salaries of Teachers	\$61,500	8,736		
Other Salaries for Instruction	25,900	5,647		
Purchase Professional & Technical Services			24,405	
Tuition		37,830	42,709	
General Supplies	6,176			261
Other Objects				
Total Instruction	93,576	52,213	67,114	261
Support Services:				
Salaries of Support		2,964		
Purchased Educational Services				
Personal Services - Employee Benefits		1,327		
Supplies				
Other Purchased Services				
Total Support Services		4,291		
Facilities Acquisition & Construction:				
Instructional Equipment				
Total Facilities Acquisition & Construction				
Total Expenditures	\$93,576	56,504	67,114	261

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

	I.D.E.A. PRESCHOOL FY 2011	ARRA NCLB TITLE I FY 2010	NCLB TITLE I FY 2011
Revenues:			
State Sources			
Federal Sources	\$2,249	40,931	220,724
Local Sources			
Total Revenues	<u>\$2,249</u>	<u>40,931</u>	<u>220,724</u>
Expenditures:			
Instruction:			
Salaries of Teachers		5,810	186,930
Other Salaries for Instruction			
Purchase Professional & Technical Services	\$2,249		8,127
Tuition			
General Supplies			173
Other Objects			1,161
Total Instruction	<u>2,249</u>	<u>5,810</u>	<u>196,391</u>
Support Services:			
Salaries of Support			
Purchased Educational Services		17,709	1,360
Personal Services - Employee Benefits		444	22,973
Supplies		16,968	
Other Purchased Services			
Total Support Services		<u>35,121</u>	<u>24,333</u>
Facilities Acquisition & Construction:			
Instructional Equipment			
Total Facilities Acquisition & Construction			
Total Expenditures	<u>\$2,249</u>	<u>40,931</u>	<u>220,724</u>

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

	<u>NO CHILD LEFT BEHIND</u>		MOCSSIF	SEASIDE ROTARY
	TITLE I FY2010	TITLE IIA FY2011		
Revenues:				
State Sources				
Federal Sources	\$37,729	40,448		
Local Sources			1,983	1,100
	<hr/>			
Total Revenues	\$37,729	40,448	1,983	1,100
<hr/>				
Expenditures:				
Instruction:				
Salaries of Teachers	\$13,416	33,707		
Other Salaries for Instruction	760			
Purchase Professional & Technical Services	1,833			
Tuition				
General Supplies	11,995			
Other Objects				
	<hr/>			
Total Instruction	28,004	33,707		
<hr/>				
Support Services:				
Salaries of Support				
Purchased Educational Services	2,650			500
Personal Services - Employee Benefits	7,075	6,741		
Supplies				
Other Purchased Services			1,983	600
	<hr/>			
Total Support Services	9,725	6,741	1,983	1,100
<hr/>				
Facilities Acquisition & Construction:				
Instructional Equipment				
	<hr/>			
Total Facilities Acquisition & Construction				
	<hr/>			
Total Expenditures	\$37,729	40,448	1,983	1,100
	<hr/>			

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

	2011	2010
Revenues:		
State Sources	\$93,576	55,180
Federal Sources	465,960	478,570
Local Sources	3,083	
	<hr/>	
Total Revenues	<u>\$562,619</u>	<u>533,750</u>
Expenditures:		
Instruction:		
Salaries of Teachers	\$310,099	301,436
Other Salaries for Instruction	32,307	25,700
Purchase Professional & Technical Services	36,614	2,143
Tuition	80,539	89,446
General Supplies	18,605	12,117
Other Objects	1,161	15,894
	<hr/>	
Total Instruction	<u>479,325</u>	<u>446,736</u>
Support Services:		
Salaries of Support	2,964	3,120
Purchased Educational Services	22,219	1,496
Personal Services - Employee Benefits	38,560	31,748
Supplies	16,968	14,809
Other Purchased Services	2,583	30,914
	<hr/>	
Total Support Services	<u>83,294</u>	<u>82,087</u>
Facilities Acquisition & Construction:		
Instructional Equipment		<hr/> 4,927
Total Facilities Acquisition & Construction		<hr/> 4,927
Total Expenditures	<u>\$562,619</u>	<u>533,750</u>

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

District-wide Total	BUDGETED	ACTUAL	VARIANCE
Expenditures:			
Instruction:			
Salaries of Teachers	\$61,500	61,500	
Other Salaries of Instruction	25,900	25,900	
Supplies	6,176	6,176	
	<hr/>	<hr/>	
Total Expenditures	\$93,576	93,576	
	<hr/> <hr/>	<hr/> <hr/>	

CALCULATION OF BUDGET & CARRYOVER

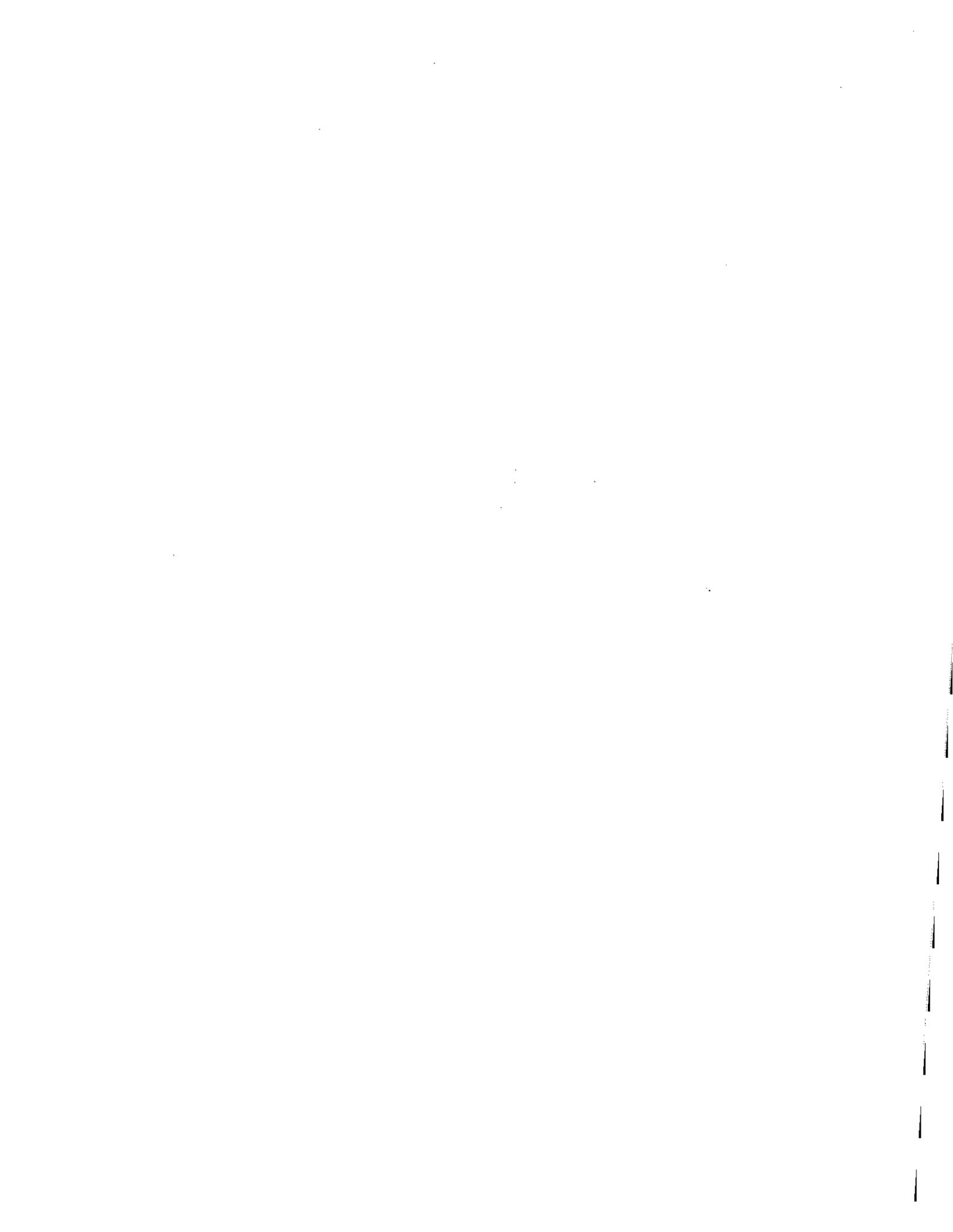
2010-2011 Preschool Educaiton Aid Allocation	\$93,576
Actual ECPA Carryover (June 30, 2010)	<hr/>
Total Preschool Education Aid Funds Available for 2010-2011 Budget	93,576
Less: 2010-2011 Budgeted Preschool Educatin Aid (Including Prior Year Budgeted Carryover)	<hr/> (93,576)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2011	
Add: 2010-2011 Unexpended Preschool Education Aid	<hr/>
2010-2011 Actual Carryover - Preschool Education Aid	<hr/> <hr/>
Actual Carryover - Preschool Education Aid	<hr/> <hr/>
2010-2011 Preschool Education Aid Carryover Budgeted in 2011-2012	<hr/> <hr/>

F. Capital Projects Fund

Not Applicable



G. Proprietary Funds



Enterprise Funds

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

ASSETS	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUNDS</u>	2011	2010
	FOOD SERVICE		
Cash & Cash Equivalents	\$13,614	13,614	30,338
State Receivable	78	78	477
Federal Receivable	5,001	5,001	9,866
Total Assets	18,693	18,693	40,681
LIABILITIES			
Accounts Payable	18,103	18,103	7,673
Interfund Payable			10,097
Total Liabilities	18,103	18,103	17,770
NET ASSETS			
Unrestricted	590	590	22,911
Total Net Assets	\$590	590	22,911

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2011	2010
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$5,866	5,866	7,578
Total Operating Revenues	<u>5,866</u>	<u>5,866</u>	<u>7,578</u>
Operating Expenses:			
Cost of Food	107,142	107,142	75,935
Supplies	452	452	104
Labor	17,663	17,663	28,528
Total Operating Expenses	<u>125,257</u>	<u>125,257</u>	<u>104,567</u>
Operating Income/(Loss)	<u>(119,391)</u>	<u>(119,391)</u>	<u>(96,989)</u>
Nonoperating Revenues/(Expenses):			
Interest	43	43	30
State Sources:			
State School Lunch Program	1,327	1,327	2,613
State School Breakfast Program			2,765
Federal Sources:			
Seemless Summer Option Program - Snacks	320	320	1,659
Seemless Summer Option Program - Breakfast	875	875	
National School Lunch Program	64,765	64,765	67,492
National School Breakfast Program	29,740	29,740	41,840
Total Nonoperating Revenues/(Expenses)	<u>97,070</u>	<u>97,070</u>	<u>116,399</u>
Income/(Loss)	(22,321)	(22,321)	19,410
Total Net Assets - Beginning	<u>22,911</u>	<u>22,911</u>	<u>3,501</u>
Total Net Assets - Ending	<u>\$590</u>	<u>590</u>	<u>22,911</u>

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2011	2010
Cash Flows From Operating Activities:			
Receipts from Customers	\$5,866	5,866	7,578
Payments to Employees	(17,663)	(17,663)	(28,528)
Payments to Suppliers	(97,164)	(97,164)	(69,458)
Net Cash Provided/(Used) by Operating Activities	(108,961)	(108,961)	(90,408)
Cash Flows From Noncapital Financing Activities:			
Interest	43	43	30
State Sources	1,726	1,726	5,351
Federal Sources	100,565	100,565	110,147
Interfund Loan	(10,097)	(10,097)	10,097
Net Cash Provided/(Used) by Noncapital Financing Activities	92,237	92,237	125,625
Net Increase/(Decrease) in Cash & Cash Equivalents	(16,724)	(16,724)	35,217
Balances - Beginning of Year	30,338	30,338	(4,879)
Balances - End of Year	\$13,614	13,614	30,338

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

Operating Income/(Loss)	(\$119,391)	(119,391)	(96,989)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Increase/(Decrease) in Accounts Payable	10,430	10,430	6,581
Total Adjustments	10,430	10,430	6,581
Net Cash Provided/(Used) by Operating Activities	(\$108,961)	(108,961)	(90,408)

Internal Service Fund

Not Applicable

H. Fiduciary Fund

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

ASSETS	PRIVATE PURPOSE			2011	2010
	UNEMPLOYMENT COMPENSATION TRUST	AGENCY STUDENT ACTIVITY			
Cash & Cash Equivalents	\$10,886	1,002	65,163	77,051	86,806
Total Assets	10,886	1,002	65,163	77,051	86,806
LIABILITIES					
Accrued Salaries & Wages			65,020	65,020	75,943
Due to General Fund			143	143	
Due to Student Groups		1,002		1,002	2,667
Total Liabilities		1,002	65,163	66,165	78,610
NET ASSETS					
Reserve for Unemployment Compensation	10,886			10,886	8,196
Total Net Assets	\$10,886			10,886	8,196

**SEASIDE HEIGHTS BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Totals for June 30, 2010)**

ADDITIONS:	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION TRUST	2011	2010
Contributions:			
Employee Payroll Contributions	\$6,268	6,268	6,572
Total Contributions	6,268	6,268	6,572
Investment Earnings:			
Interest	9	9	7
Net Investment Earnings	9	9	7
Total Additions	6,277	6,277	6,579
DEDUCTIONS:			
Unemployment Claims	3,587	3,587	3,655
Total Deductions	3,587	3,587	3,655
Change in Net Assets	2,690	2,690	2,924
Net Assets - Beginning of the Year	8,196	8,196	5,272
Net Assets - End of the Year	\$10,886	10,886	8,196

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

	BALANCE JULY 1, 2010	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2011
School Activity Fund	\$2,667	1,027	2,692	1,002
Total Activity	\$2,667	1,027	2,692	1,002

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

	BALANCE JULY 1, 2010	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2011
ASSETS				
Cash & Cash Equivalents	\$75,943	2,399,310	2,410,090	65,163
Total Assets	\$75,943	2,399,310	2,410,090	65,163
LIABILITIES				
Summer Deductions & Withholdings	\$75,943	1,082,485	1,093,408	65,020
Net Payroll		1,316,682	1,316,682	
Due to General Fund		143		143
Total Liabilities	\$75,943	2,399,310	2,410,090	65,163

I. Long-Term Debt

**SEASIDE HEIGHTS BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2011**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS		INTEREST RATE	AMOUNT OUTSTANDING		AMOUNT OUTSTANDING	
			DATE	AMOUNT		JUNE 30, 2010	ISSUED	RETIRED	JUNE 30, 2011
Small Projects Loans	8/18/93	\$1,041,500	7/15/11	\$70,726	5.288	\$289,559		67,811	221,748
			7/15/12	73,863	5.288				
			7/15/13	77,159	5.288				
					5.288				
					Subtotal	289,559	67,811	221,748	
Low Interest Loan - Facilities Program	8/18/93	1,041,500	7/15/11	54,816	1.500	219,264		54,816	164,448
			7/15/12	54,816	1.500				
			7/15/13	54,816	1.500				
					1.500				
					Subtotal	219,264	54,816	164,448	
					Total	\$508,823	-	122,627	386,196

**SEASIDE HEIGHTS BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	JUNE 30, 2011				VARIANCE	JUNE 30, 2010				VARIANCE
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:										
Local Sources:										
Local Tax Levy	\$112,028		112,028	112,028		108,472		108,472	108,472	
State Sources:										
Debt Service Aid Type II	26,994		26,994	26,994		32,115		32,115	32,115	
Total Revenues	139,022		139,022	139,022		140,587		140,587	140,587	
Expenditures:										
Regular Debt Service:										
Interest	16,397		16,397	16,397		20,732		20,732	20,732	
Redemption of Principal	122,627		122,627	122,627		119,855		119,855	119,855	
Total Expenditures	139,024		139,024	139,024		140,587		140,587	140,587	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other										
Financing Sources/(Uses)	(2)		(2)	(2)						
Fund Balance, July 1	2		2	2						
Fund Balance, June 30	-		-	-		-		-	-	

SEASIDE HEIGHTS BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF COMPENSATED ABSENCES
JUNE 30, 2011

	OUTSTANDING BALANCE 2010	ADDITIONS/ (DEDUCTIONS)	OUTSTANDING BALANCE 2011
Compensated Absences	\$337,125	(21,323)	315,802

STATISTICAL SECTION (Unaudited)

SEASIDE HEIGHTS BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:								
Invested in Capital Assets, Net of Related Debt	\$1,241,018	1,182,411	1,122,918	1,081,872	886,943	928,851	978,708	434,389
Restricted:								
Debt Service	(6,505)	(8,523)	(10,477)	(11,244)	(11,316)	28,721	(14,294)	(3,769)
Other Purposes	1,110,926	1,107,642	1,601,970	1,237,382	1,068,251	684,698	473,413	565,795
Unrestricted	(51,833)	(254,539)	(330,808)	(40,441)	1,004	(124,221)	(65,382)	50,372
Total Governmental Activities Net Assets	\$2,293,606	2,026,991	2,383,603	2,267,569	1,944,882	1,518,049	1,372,445	1,046,787
Business-Type Activities:								
Unrestricted	\$590	22,911	3,501	31,343	28,934	25,465	27,425	29,045
Total Business-Type Activities Net Assets	\$590	22,911	3,501	31,343	28,934	25,465	27,425	29,045
District-Wide:								
Invested in Capital Assets, Net of Related Debt	\$1,241,018	1,182,411	1,122,918	1,081,872	886,943	928,851	978,708	434,389
Restricted:								
Debt Service	(6,505)	(8,523)	(10,477)	(11,244)	(11,316)	28,721	(14,294)	(3,769)
Other Purposes	1,110,926	1,107,642	1,601,970	1,237,382	1,068,251	684,698	473,413	565,795
Unrestricted	(51,243)	(231,628)	(327,307)	(9,098)	29,938	(98,756)	(37,957)	79,417
Total District Net Assets	\$2,294,196	2,049,902	2,387,104	2,298,912	1,973,816	1,543,514	1,399,870	1,075,832

**SEASIDE HEIGHTS BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:								
Governmental Activities:								
Instruction:								
Regular	\$1,268,296	1,272,501	1,121,181	1,373,347	1,074,877	1,162,066	1,083,710	1,112,390
Special Education	279,473	267,009	259,138	210,827	272,253	341,511	311,131	352,269
Other Special Education	73,670	69,540	65,319	28,412	17,007	15,943		
Support Services & Undistributed Costs:								
Tuition	122,601	178,553	160,769	92,343	122,358	209,793	110,469	153,333
Attendance and Social Work Services	30,303	31,421	42,738	41,825	38,610	36,600	37,155	2,600
Health Services	70,992	62,387	62,523	59,555	50,548	53,375	46,855	45,818
Student & Instruction Related Services	446,863	450,866	400,874	316,963	366,123	253,892	279,233	265,777
Students - Extraordinary Services	54,462	51,900	40,580					
Educational Media Services/School Library	55,197	48,847	24,296	18,644	21,655	6,066	4,981	23,089
Instructional Staff Training	851	166	2,911	166	2,199	708	3,069	2,825
School Administrative Services	37,984	53,313	36,086	36,014	32,580	29,000	31,975	96,615
General Administrative Services	149,649	147,954	183,019	191,379	209,682	253,157	156,604	170,541
Central Services	34,979	41,089	42,417	39,420	42,591	84,538	216,006	
Administrative Information Technology	21,025	20,201	41,499	41,461	32,823			
Plant Operations & Maintenance	253,420	247,517	227,244	252,663	230,864	234,052	216,949	205,365
Pupil Transportation	41,057	58,370	48,528	31,878	92,345	76,969	55,826	53,724
Business & Other Support Services							250	154,777
Unallocated Benefits	972,283	985,038	873,727	879,134	795,737	791,524	723,281	725,581
Interest on Long-Term Debt	14,377	18,778	24,159	27,320	29,849	38,391	31,735	26,785
Reduction of Capital Leases						(10,406)	(10,438)	(9,511)
Unallocated Compensated Absences	(21,323)	25,731	6,893	119,219	(8,982)	10,704	39,611	17,237
Unallocated Depreciation	64,020	65,289	76,235	87,402	175,119	175,118	150,913	150,913
Total Governmental Activities Expenses	3,970,179	4,096,470	3,740,136	3,847,972	3,598,238	3,763,001	3,489,315	3,550,128

SEASIDE HEIGHTS BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST EIGHT FISCAL YEARS

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Business-Type Activities:								
Food Service	125,257	104,567	149,886	111,608	116,915	121,509	139,163	171,944
Total Business-Type Activities Expense	125,257	104,567	149,886	111,608	116,915	121,509	139,163	171,944
Total District Expenses	\$4,095,436	4,201,037	3,890,022	3,959,580	3,715,153	3,884,510	3,628,478	3,722,072
Program Revenues:								
Governmental Activities:								
Operating Grants & Contributions	574,746	565,163	475,568	762,188	825,536	728,503	737,750	639,236
Total Governmental Activities Program Revenues	574,746	565,163	475,568	762,188	825,536	728,503	737,750	639,236
Business-Type Activities:								
Charges for Services:								
Food Service	5,866	7,578	6,435	6,823	6,947	10,475	10,319	12,409
Operating Grants & Contributions	97,070	116,399	115,609	107,194	108,437	109,074	117,224	104,211
Total Business Type Activities Program Revenues	102,936	123,977	122,044	114,017	115,384	119,549	127,543	116,620
Total District Program Revenues	\$677,682	689,140	597,612	876,205	940,920	848,052	865,293	755,856
Net (Expense)/Revenue:								
Governmental Activities	(\$3,395,433)	(3,531,307)	(3,264,568)	(3,085,784)	(2,772,702)	(3,034,498)	(2,751,565)	(2,910,892)
Business-Type Activities	(22,321)	19,410	(27,842)	2,409	(1,531)	(1,960)	(11,620)	(55,324)
Total District-Wide Net Expense	(\$3,417,754)	(3,511,897)	(3,292,410)	(3,083,375)	(2,774,233)	(3,036,458)	(2,763,185)	(2,966,216)

**SEASIDE HEIGHTS BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues & Other Changes in Net Assets:								
Governmental Activities:								
Taxes:								
Property Taxes, Levied for General Purposes, Net	\$2,510,311	2,208,391	2,207,141	2,207,141	2,207,141	2,211,230	2,065,152	2,005,196
Taxes Levied for Debt Service	112,028	108,472	109,722	109,305	68,982	124,676	114,466	115,669
Tuition	41,046	7,833		7,195	7,449			
Federal & State Aid Not Restricted	969,734	806,905	1,048,941	891,227	832,035	750,063	859,085	690,511
Investment Earnings	1,466	1,973	614	52,170	66,683	48,544	24,192	9,266
Miscellaneous Income	27,463	41,121	14,868	18,548	22,245	45,589	24,328	57,887
Transfers					(5,000)		(10,000)	(57,777)
Gain on Revaluation of Assets				122,885				
Total Governmental Activities	3,662,048	3,174,695	3,381,286	3,408,471	3,199,535	3,180,102	3,077,223	2,820,752
Business-Type Activities:								
Transfers					5,000		10,000	57,777
Total Business-Type Activities					5,000		10,000	57,777
Total District-Wide	\$3,662,048	3,174,695	3,381,286	3,408,471	3,204,535	3,180,102	3,087,223	2,878,529
Change in Net Assets:								
Governmental Activities	\$266,615	(356,612)	116,718	322,687	426,833	145,604	325,658	(90,140)
Business-Type Activities	(22,321)	19,410	(27,842)	2,409	3,469	(1,960)	(1,620)	2,453
Total District	\$244,294	(337,202)	88,876	325,096	430,302	143,644	324,038	(87,687)

SEASIDE HEIGHTS BOARD OF EDUCATION
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:								
Reserved	\$1,209,750	1,116,127	1,611,086	954,131	1,068,160	678,696	413,975	565,795
Unreserved	174,679	85,070	(14,446)	549,012	196,222	82,462	133,167	211,709
Total General Fund	<u>\$1,384,429</u>	<u>1,201,197</u>	<u>1,596,640</u>	<u>1,503,143</u>	<u>1,264,382</u>	<u>761,158</u>	<u>547,142</u>	<u>777,504</u>
All Other Governmental Funds:								
Unreserved, Reported in:								
Special Revenue Fund	(\$9,498)	(8,485)	(9,116)	(9,552)	(15,212)	(15,153)	(9,708)	
Capital Projects Fund				15,303	15,303	21,155	25,961	
Debt Service Fund		2	2	1	1,592	44,691	43,100	
Total All Other Governmental Funds	<u>(\$9,498)</u>	<u>(8,483)</u>	<u>(9,114)</u>	<u>5,752</u>	<u>1,683</u>	<u>50,693</u>	<u>59,353</u>	

SEASIDE HEIGHTS BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST EIGHT FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local Tax Levy	\$2,622,339	2,316,863	2,316,863	2,316,446	2,276,123	2,335,906	2,179,618	2,120,865
Tuition	41,046	7,833		7,195	7,449			
Interest	1,466	1,973	614	52,170	66,683	48,544	24,192	9,266
Miscellaneous	27,463	41,121	14,868	18,548	22,245	45,589	24,327	33,981
State Sources	1,093,387	889,273	1,190,303	1,284,209	1,236,143	1,081,538	1,260,240	954,994
Federal Sources	451,093	482,795	334,206	369,206	421,428	397,028	336,595	374,753
Total Revenue	4,236,794	3,739,858	3,856,854	4,047,774	4,030,071	3,908,605	3,824,972	3,493,859
Expenditures:								
Instruction:								
Regular Instruction	1,268,296	1,272,501	1,121,181	1,373,347	1,074,877	1,162,066	1,083,710	1,112,390
Special Education Instruction	279,473	267,009	259,138	210,827	272,253	341,511	311,131	352,269
Other Special Instruction	73,670	69,540	65,319	28,412	17,007	15,943		
Support Services & Undistributed Costs:								
Tuition	122,601	178,553	160,769	92,343	122,358	209,793	110,469	153,333
Attendance and Social Work Services	30,303	31,421	42,738	41,825	38,610	36,600	37,155	2,600
Health Services	70,992	62,387	62,523	59,555	50,548	53,375	46,855	45,818
Student & Instruction Related Services	446,863	450,866	400,874	316,963	366,123	253,892	279,233	265,777
Students - Extraordinary Services	54,462	51,900	40,580					
Educational Media Services/School Library	55,197	48,847	24,296	18,644	21,655	6,066	4,981	23,089
Instructional Staff Training	851	166	2,911	166	2,199	708	3,069	2,825
General Administrative Services	149,649	147,954	183,019	191,379	209,682	253,157	156,604	170,541
School Administrative Services	37,984	53,313	36,086	36,014	32,580	29,000	31,975	96,615
Central Services	34,979	41,089	42,417	39,420	42,591	84,538	216,006	
Administrative Information Technology	21,025	20,201	41,499	41,461	32,823			
Plant Operations & Maintenance	251,938	247,517	227,244	252,663	230,864	234,052	216,949	205,365
Pupil Transportation	41,057	58,370	48,528	31,878	92,345	76,969	55,826	53,724
Business & Other Support Services	974,731	987,522	876,211				250	154,777
Unallocated Benefits				881,618	798,221	794,008	725,765	728,031
Debt Service:								
Principal	122,627	119,855	117,281	114,746	112,353	110,050	84,046	105,932
Interest	16,397	20,732	24,925	28,983	32,911	36,715	21,210	43,982
Capital Outlay	1,482	4,927		44,700	20,857	4,806	600,747	

SEASIDE HEIGHTS BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST EIGHT FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2011	2010	2009	2008	2007	2006	2005	2004
Total Expenditures	4,054,577	4,134,670	3,777,539	3,804,944	3,570,857	3,703,249	3,985,981	3,517,068
Excess (Deficiency) of Revenues Over/(Under) Expenditures	182,217	(394,812)	79,315	242,830	459,214	205,356	(161,009)	(23,209)
Other Financing Sources/(Uses):								
Transfers in			14,619				490,000	
Transfers Out			(14,619)		(5,000)		(500,000)	(57,777)
Total Other Financing Sources/(Uses)					(5,000)		(10,000)	(57,777)
Net Change in Fund Balances	\$182,217	(394,812)	79,315	242,830	454,214	205,356	(171,009)	(80,986)
Debt Service as a Percentage of Noncapital Expenditures	3.0%	2.9%	3.1%	3.8%	4.1%	4.0%	3.1%	4.3%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

**SEASIDE HEIGHTS BOARD OF EDUCATION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	INTERMEDIATE SOURCES	TUITION	MISCELLANEOUS	TOTAL
2011	1,466	N/A	41,046	24,380	66,892
2010	1,973	N/A	7,833	41,121	50,927
2009	614	N/A	N/A	14,868	15,482
2008	52,170	N/A	N/A	18,190	70,360
2007	66,683	N/A	N/A	13,315	79,998
2006	48,544	N/A	N/A	45,589	94,133
2005	24,192	N/A	N/A	24,327	48,519
2004	9,266	13,586	N/A	20,395	43,247
2003	7,111	9,362	9,362	10,847	36,682
2002	20,873	15,250	9,682	7,186	52,991

Source: District records

**SEASIDE HEIGHTS BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	COMMERCIAL	APARTMENT	TOTAL RATABLES VALUE	TAX EXEMPT PROPERTY	PUBLIC UTILITIES	TOTAL RATABLES & EXEMPT	LOCAL SCHOOL TAX RATE	COUNTY EQUALIZED VALUE
2011	\$44,451,600	516,178,700	255,271,300	39,320,400	855,222,000	79,620,500	N/A	934,842,500	0.302	850,347,326
2010	50,563,100	521,672,800	257,005,200	39,772,600	869,013,700	80,154,400	357,466	949,525,566	0.253	850,347,326
2009	49,431,100	523,454,700	260,988,100	40,373,900	874,247,800	77,109,400	357,466	951,714,666	0.026	876,053,726
2008	43,217,800	521,942,000	268,433,200	40,467,600	874,060,600	77,359,400	357,466	951,777,466	0.265	864,721,607
*2007	47,218,000	542,856,200	321,099,750	46,627,100	957,801,050	96,202,900	357,466	1,054,361,416	0.265	792,242,977
2006	8,775,300	128,332,700	83,082,700	10,680,300	230,871,000	21,775,000	124,354	252,770,354	0.985	646,697,356
2005	6,362,900	126,613,500	84,544,100	10,897,900	228,418,400	21,815,900	183,761	250,418,061	1.021	468,724,488
2004	7,651,400	123,224,200	82,944,600	10,715,100	224,535,300	21,780,300	251,297	246,566,897	0.969	364,915,687
2003	5,745,500	122,232,900	84,168,300	10,694,200	222,840,900	21,756,500	325,908	244,923,308	0.950	297,197,931
2002	5,700,000	121,039,400	83,782,400	10,877,200	221,399,000	21,602,700	358,566	243,360,266	0.880	258,945,632

* = year of revaluation

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

Reassessment occurs when ordered by the County Board of Taxation

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

b. Tax rates are per \$100

SEASIDE HEIGHTS BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	BOROUGH OF SEASIDE HEIGHTS	OCEAN COUNTY	
2011	\$0.308	n/a	0.308	N/A	N/A	0.308
2010	0.302	0.296	0.598	0.516	0.264	1.378
2009	0.265	0.298	0.563	0.440	0.250	1.253
2008	0.265	0.287	0.552	0.357	0.248	1.157
*2007	0.241	0.257	0.498	0.281	0.258	1.037
2006	0.985	0.925	1.910	0.937	0.945	3.792
2005	1.021	0.781	1.802	0.937	0.786	3.525
2004	0.969	0.688	1.657	0.880	0.698	3.235
2003	0.950	0.603	1.553	0.892	0.645	3.090
2002	0.880	0.501	1.381	0.892	0.616	2.889

Source: Municipal Tax Collector

* = year of revaluation

**SEASIDE HEIGHTS BOARD OF EDUCATION
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND TEN YEARS AGO**

TAXPAYER	2011		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
AFMV, LLC	\$26,547,400	1	3.05%
Bell Freeman Properties LLC	21,366,500	2	2.46%
McGrath Family Partnership	7,644,200	3	0.88%
Improved Land Inc	5,982,800	4	0.69%
Taxpayer #1	4,700,000	5	0.54%
G S Realty Corp	4,641,000	6	0.53%
Coin Castle Amustments	4,543,800	7	0.52%
Seaside Heights Improvement & Deveopment Corp	4,242,900	8	0.49%
Larson Partnership #2	3,958,500	9	0.46%
Tilles, Samuel Inc.	3,650,700	10	0.42%
Total	<u>\$87,277,800</u>		<u>10.04%</u>

TAXPAYER	2001		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE

NOT AVAILABLE

Source: Municipal Tax Assessor

**SEASIDE HEIGHTS BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2011	\$2,622,339	2,622,339	100.00%	-
2010	2,316,863	2,316,863	100.00%	-
2009	2,316,863	2,316,863	100.00%	-
2008	2,316,446	2,316,446	100.00%	-
2007	2,276,123	2,276,123	100.00%	-
2006	2,335,906	2,335,906	100.00%	-
2005	2,179,618	2,179,618	100.00%	-
2004	2,120,865	2,120,865	100.00%	-
2003	1,951,862	1,951,862	100.00%	-
2002	1,871,862	1,871,862	100.00%	-

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

**SEASIDE HEIGHTS BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE PER CAPITA INCOME
	GENERAL OBLIGATION BONDS	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES		
2011	\$386,196	N/A	N/A	386,196	N/A
2010	508,823	N/A	N/A	508,823	N/A
2009	628,278	N/A	N/A	628,278	0.47%
2008	745,959	N/A	N/A	745,959	0.56%
2007	860,705	N/A	N/A	860,705	0.67%
2006	973,058	N/A	N/A	973,058	0.82%
2005	1,083,108	N/A	10,406	1,093,514	0.99%
2004	1,167,155	N/A	20,844	1,187,999	1.11%
2003	1,296,990	N/A	30,355	1,327,345	1.26%
2002	1,503,163	N/A	N/A	1,503,163	1.46%

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

SEASIDE HEIGHTS BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Dollars in Thousands, Except per Capita)

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2011	\$386,196	N/A	386,196	0.05%	N/A
2010	508,823	N/A	508,823	0.06%	176.25
2009	628,678	N/A	628,678	0.07%	187.39
2008	745,959	N/A	745,959	0.09%	223.21
2007	860,705	N/A	860,705	0.09%	259.64
2006	973,058	N/A	973,058	0.42%	300.88
2005	1,083,108	N/A	1,083,108	0.47%	337.31
2004	1,167,155	N/A	1,167,155	0.52%	366.34
2003	1,296,990	N/A	1,296,990	0.58%	407.22
2002	1,503,163	N/A	1,503,163	0.68%	474.48

RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Seaside Heights	N/A	N/A	N/A
Ocean County	427,048,645	0.768%	3,279,734
Subtotal, Overlapping Debt Seaside Heights School District			3,279,734 386,196
Total Direct & Overlapping Debt			<u>\$3,665,930</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Ocean County Board of Taxation.

**SEASIDE HEIGHTS BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST SEVEN FISCAL YEARS**

	FISCAL YEAR							
	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	\$21,592,689	22,550,912	20,387,170	18,409,877	15,262,480	12,125,776	12,132,118	7,584,254
Total Net Debt Applicable to Limit	386,196	508,823	628,678	745,959	860,705	973,058	628,678	745,959
Legal Debt Margin	<u>\$21,206,493</u>	<u>22,042,089</u>	<u>19,758,492</u>	<u>17,663,918</u>	<u>14,401,775</u>	<u>11,152,718</u>	<u>11,503,440</u>	<u>6,838,295</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.79%	2.26%	3.08%	4.05%	5.64%	8.02%	5.18%	9.84%

Legal Debt Margin Calculation for Fiscal Year 2010

	Equalized Valuation Basis
	2010 850,347,326
	2009 876,053,726
	2008 864,721,607
	<u>\$2,591,122,659</u>
Average Equalized Valuation of Taxable Property	<u>\$863,707,553</u>
Debt Limit (2.5% of Average Equalization Value)	\$21,592,689
Net Bonded School Debt	<u>386,196</u>
Legal Debt Margin	<u>\$21,206,493</u>

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

**SEASIDE HEIGHTS BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2010	2,887 *	N/A	13.5%
2009	3,355	39,677	12.8%
2008	3,342	40,201	7.9%
2007	3,315	38,816	6.1%
2006	3,234	36,742	6.9%
2005	3,211	34,463	5.6%
2004	3,186	33,537	10.5%
2003	3,185	33,009	12.0%
2002	3,168	32,547	11.4%
2001	3,142	32,009	8.8%

Source:

*2010 Census

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

^c Per Capita data provided by the NJ Dept of Labor and Workforce Development

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

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

No employers are currently located within the municipality that have in excess of 100 full time employees.

**SEASIDE HEIGHTS BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEAR**

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction:										
Regular	16	16	16	15	14	14	14	14	15	15
Special Education	11	11	11	11	11	11	9	9	4	4
Other Special Education	2	2	2	2	2	2	2	2		
Support Services:										
Student & Instruction Related Services	4	4	4	3	3	3	3	4	4	4
School Administrative Services	1	1	1	1	1	1	1	1	1	2
General & Business Administrative Services	4	4	4	5.5	5.5	5.5	4.5	5.5	5	5
Plant Operations & Maintenance	2.5	2.5	2.5	2	2	2	2	2	2	2
Total	40.5	40.5	40.5	39.5	38.5	38.5	35.5	37.5	31	32

Source: District Personnel Records

**SEASIDE HEIGHTS BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

06 FISCAL YEAR	ENROLLMENT	OPERATING	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/ TEACHER	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
		EXPENDITURES (a)				RATIO ELEMENTARY				
2011	223	\$3,915,553	17,559	11.39%	29	7	219	199	-2.46%	91.10%
2010	222	3,984,931	17,950	34.94%	29	8	224	204	10.89%	91.10%
2009	201	3,611,589	17,968	32.79%	29	7	202	185	-3.81%	91.58%
2008	212	3,616,515	17,059	47.04%	26	8	210	197	-0.43%	93.81%
2007	216	3,404,736	15,763	28.87%	25	9	211	195	-16.31%	92.32%
2006	267	3,551,678	13,302	8.75%	25	12	252	245	-9.03%	97.22%
2005	284	3,294,876	11,602	-5.15%	25	13	277	257	-	92.78%
2004	280	3,424,931	12,232	20.33%	23	13	277	254	-3.48%	91.70%
2003	311	3,161,412	10,165	1.09%	19	12	287	276	-4.97%	96.17%
2002	303	3,047,024	10,056	6.46%	20	11	302	277	13.11%	91.72%

Sources: District records

**SEASIDE HEIGHTS BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Elementary Schools:										
Backman Elementary (1927):										
Square Feet	32,040	32,040	32,040	32,040	32,040	32,040	32,040	31,640	31,640	31,640
Capacity (Students)	313	313	313	313	313	313	313	273	273	273
Enrollment	212	222	201	212	216	267	284	280	311	303
Number of Schools at June 30, 2011:										
Elementary = 1										
Middle School = 0										
Senior High School = 0										
Other = 0										

Source: District Facilities Office

SEASIDE HEIGHTS BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

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

*	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	TOTAL
Hugh J. Boyd, Jr. Elementary	\$30,392	46,125	63,008	74,213	68,363	79,625	84,277	107,062	184,542	84,654	682,736
Total School Facilities	\$30,392	46,125	63,008	74,213	68,363	79,625	84,277	107,062	184,542	84,654	682,736

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

Source: District records

**SEASIDE HEIGHTS BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2011**

	COVERAGE	DEDUCTIBLE
New Jersey School Boards Association Insurance Group		
Property	\$9,923,750	\$1,000
Environmental Package	1,000,000	10,000
Extra Expense	50,000,000	1,000
Valuable Papers	10,000,000	1,000
EDP	866,000	1,000
Equipment Breakdown	100,000,000	1,000
Crime & Bonds		
Faithful Performance	25,000	500
Forgery & Alteration	25,000	500
Money & Securities	10,000	500
Board Secretary	150,000	1,000
Treasurer	150,000	1,000
General Liability	6,000,000	
Automobile Liability	6,000,000	
Auto Phys. Damage	ACV Basis	1,000

Source: District records.

SINGLE AUDIT SECTION



Certified Public Accountants & Consultants

EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Seaside Heights School District
County of Ocean
Seaside Heights, New Jersey 08751

We have audited the basic financial statements of the Seaside Heights School District, County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Seaside Heights 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 District’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We consider the deficiency described in the accompanying Comment and Recommendation Section as Finding 2011-01 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Seaside Heights Board of Education’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a

direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of the audit committee, management, the Seaside Heights 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.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'F. B. Holman, III', with a long horizontal line extending to the right from the end of the signature.

Frank B. Holman, III
Certified Public Accountant
Public School Accountant
No. 783

November 7, 2011
Toms River, New Jersey



Certified Public Accountants & Consultants

EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Seaside Heights School District
County of Ocean
Seaside Heights, New Jersey 08751

Compliance

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

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

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

auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 or New Jersey OMB's Circular 04-04.

Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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Certified Public Accountant
Public School Accountant
No. 783

November 7, 2011
Toms River, New Jersey

**SEASIDE HEIGHTS BOARD OF EDUCATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2010	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2011	DUE TO GRANTOR JUNE 30, 2011
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF AGRICULTURE:									
National School Lunch Program	10.555	N/A	\$67,492	7/1/09-6/30/10	(\$6,136)	6,136			
National School Lunch Program	10.555	N/A	64,765	7/1/10-6/30/11		61,194	(64,765)	(3,571)	
National Breakfast Program	10.553	N/A	41,840	7/1/09-6/30/10	(3,729)	3,729			
National Breakfast Program	10.553	N/A	30,615	7/1/10-6/30/11		28,310	(29,740)	(1,430)	
Seamless Summer Option Program-Breakfast	10.553	02904711	875	7/1/10-6/30/11		875	(875)		
Seamless Summer Option Program-Snacks	10.553	02904711	320	7/1/10-6/30/11		320	(320)		
Total U.S. Department of Agriculture					(9,865)	100,564	(95,700)	(5,001)	
U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:									
ARRA Title I	84.389	NCLB471010	129,351	9/1/09-8/31/11	(49,773)	73,543	(40,931)	(17,161)	
Title I	84.010	NCLB471011	250,713	9/1/10-8/31/11		73,336	(220,724)	(147,388)	
Title I	84.010	NCLB471010	275,342	9/1/09-8/31/10	(19,879)	39,827	(37,729)	(17,781)	
Title I	84.010	NCLB471009	253,772	9/1/08-8/31/09	(28,437)	28,437			
Title IIA	84.367A	NCLB471011	40,448	9/1/10-8/31/11		16,854	(40,448)	(23,594)	
Title IIA	84.367A	NCLB471009	19,089	9/1/08-8/31/09	(3,818)	3,818			
Title II-D	84.318X	NCLB471009	975	9/1/08-8/31/09	(975)	975			
Title IV	84.186	NCLB471009	4,361	9/1/08-8/31/09	(4,361)	4,361			
ARRA I.D.E.A. Part B, Basic	84.391	IDEA471010	61,504	9/1/09-8/31/11		15,217	(56,504)	(41,287)	
I.D.E.A. Part B, Basic Regular	84.027	IDEA471011	81,075	9/1/10-8/31/11			(67,114)	(67,114)	
I.D.E.A. Part B, Basic Regular	84.027	IDEA471010	89,446	9/1/09-8/31/10	(9,922)	9,922			
ARRA I.D.E.A. B - Preschool	84.391	IDEA471010	2,204	9/1/09-8/31/11	(1,943)		(261)	(2,204)	
I.D.E.A. B - Preschool	84.173	IDEA471011	2,249	9/1/10-8/31/11			(2,249)	(2,249)	
I.D.E.A. B - Preschool	84.173	IDEA471010	2,143	9/1/09-8/31/10	(2,143)	2,143			
Total U.S. Department of Education					(121,251)	268,433	(465,960)	(318,778)	
Total Federal Financial Assistance					(\$131,116)	368,997	(561,660)	(323,779)	

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

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STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE			(ACCOUNTS RECEIVABLE) AT JUNE 30, 2011	MEMO	
				AT JUNE 30, 2010	CASH RECEIVED	BUDGETARY EXPENDITURES		BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:									
General Fund:									
Transportation Aid	11-495-034-5120-014	\$11,282	7/1/10-6/30/11		11,282	(11,282)		(1,124)	11,282
Equalization Aid	11-495-034-5120-078	158,815	7/1/10-6/30/11		158,815	(158,815)		(15,820)	158,815
Special Education Aid	11-495-034-5120-089	99,058	7/1/10-6/30/11		99,058	(99,058)		(9,867)	99,058
Security Aid	11-495-034-5120-084	75,701	7/1/10-6/30/11		75,701	(75,701)		(7,540)	75,701
Adjustment Aid	11-495-034-5120-085	411,303	7/1/10-6/30/11		411,303	(411,303)		(40,970)	411,303
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	11-495-034-5095-051	105,875	7/1/10-6/30/11		105,875	(105,875)			105,875
On-Behalf TPAF Pension Contributions	11-495-034-5095-001	93,260	7/1/10-6/30/11		93,260	(93,260)			93,260
Special Revenue Fund:									
Preschool Education	10-495-034-5120-086	55,180	7/1/09-6/30/10	(\$8,485)	8,485				
Preschool Education	11-495-034-5120-086	93,576	7/1/10-6/30/11		84,078	(93,576)	(9,498)		93,576
Debt Service Fund:									
Debt Service Type II Aid	11-100-034-5120-124	26,994	7/1/10-6/30/11		26,994	(26,994)			26,994
Enterprise Fund:									
National Breakfast Program (State Share)	10-100-034-5120-122	2,765	7/1/09-6/30/10	(240)	240				
National School Lunch Program (State Share)	10-100-010-3360-023	2,613	7/1/09-6/30/10	(237)	237				
National School Lunch Program (State Share)	11-100-010-3360-023	1,327	7/1/10-6/30/11		1,249	(1,327)	(78)		1,327
Total State Financial Assistance				(\$8,962)	1,076,577	(1,077,191)	(9,576)	(75,321)	1,077,191

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011**

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$18,536 for the general fund and (\$15,880) for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented as follows:

**SEASIDE HEIGHTS BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued)
FOR THE YEAR ENDED JUNE 30, 2011**

3. Relationship to Basic Financial Statements (continued):

	Federal	State	Total
General Fund		\$ 973,830	\$ 973,830
Special Revenue Fund	\$451,093	92,563	543,656
Debt Service Fund		26,994	26,994
Enterprise Fund	<u>95,700</u>	<u>1,327</u>	<u>97,027</u>
Total Financial Assistance	<u>\$546,793</u>	<u>\$1,094,714</u>	<u>\$1,641,507</u>

4. Relationship to State Financial Reports

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

5. Other

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

6. Federal and State Loans Outstanding

Seaside Heights Board of Education had no loan balances outstanding at June 30, 2011.

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

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with 510(A) of Circular A-133?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	I.D.E.A., Part B Basic
84.391	I.D.E.A., Part B – Recovery Act
84.173	I.D.E.A., Part B Preschool
84.391	I.D.E.A., Part B Preschool Recovery Act
84.010	Title I
84.389	Title I – Recovery Act

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**SEASIDE HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended June 30, 2011**

Section I – Summary of Auditor’s Results (continued)

State Awards

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

Identification of major programs:

GMIS Number(s)	Name of State Program
11-495-034-5120-085	Adjustment Aid
11-495-034-5120-078	Equalization Aid
11-495-034-5095-002	Reimbursed TPAF Social Security Contribution
11-495-034-5120-089	Categorical Special Education Aid
11-495-034-5120-084	Categorical Security Aid

Section II – Financial Statement Findings

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

Finding 2011-01:

Criteria or Specific Requirement:

The District must file its quarterly 927 report on or before the 30th day of the month following the end of the quarter with the state of New Jersey.

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

Section II – Financial Statement Findings (continued):

Finding 2011-01 (continued):

Condition:

Two NJ 927 quarterly reports were not filed timely.

Context:

For the quarter ending September 30, 2010, the District filed the NJ 927 report on June 7, 2011. The deadline for this filing was October 30, 2010. For the quarter ending December 31, 2010, the District filed the NJ 927 on February 1, 2011. The deadline for this filing was January 30, 2011.

Effect:

Tax payments were not remitted on a timely basis.

Cause:

This caused the District not to be in compliance with the New Jersey Division of Taxation.

Recommendation:

The District file the quarterly NJ 927 reports by the 30th day of the month following the end of the quarter.

Views of Responsible Officials and Planned Corrective Action:

District will correct in Fiscal Year 2012.

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

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

No Current Year Findings

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

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

No Prior Year Findings