

UNION BEACH SCHOOL DISTRICT

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

FISCAL YEAR ENDED JUNE 30, 2011

UNION BEACH SCHOOL DISTRICT

***Union Beach School District
Union Beach, New Jersey***

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Prepared by
Union Beach School District
Finance Department**

**And
Barre & Company, CPAs**

STATE BOARD OF EDUCATION

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President

RONALD K. BUTCHER..... Gloucester
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DOROTHY STRICKLAND..... Essex

**Christopher D. Cerf, Acting Commissioner
Secretary, State Board of Education**

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INTRODUCTORY SECTION

**UNION BEACH SCHOOL DISTRICT
1207 FLORENCE AVENUE
UNION BEACH, NEW JERSEY 07735
732-264-3133**

August 24, 2011

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

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Union Beach School District (District) for the fiscal year ended June 30, 2011. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. The District has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Union Beach with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;

- The Single Audit Section — The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments and Non-Profit Organizations”, and the New Jersey State Office of Management and Budget (OMB) Circular 04-04, “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid”. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

School District Organization

An elected nine-member Board of Education (the “Board”) serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District tax money.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Board Secretary is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

1) REPORTING ENTITY AND IT SERVICES: Union Beach School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board’s (GASB) as established by Statement No. 14. All funds of the District are included in this report. The Union Beach School District and all its schools constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an enrollment of 1,158 students, which is 283 students above the previous year’s enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	1,158	24.44%
2009-2010	875	8.61%
2008-2009	794	-1.78%
2007-2008	1,086	-4.02%
2006-2007	1,102	-4.81%

2) ECONOMIC CONDITION AND OUTLOOK: The Union Beach area is experiencing a period of development and expansion which is expected to continue. The 2000 census reflected a population of 6,649. While the area is nearly fully developed, affordable housing and current market conditions indicate a steady, conservative local growth. Housing sales in the area are attracting younger, first-time buyers.

3) MAJOR INITIATIVES:

- A. Continuation of all educational services (G&T, PTAP, and Applied Technology) presently offered to our students beyond the regular education program. In addition we will continue to utilize technology to continually improve student performance. Study Island is one of our educational initiatives that we will continue to use for the coming school year for students at the 3rd through 8th grade levels in order to improve their knowledge base as well as better prepare them for standardized test testing procedures.
- B. In line with our educational technology initiative, we are presently using and will continue to use ONCOURSE (On Line Lesson Planning) to ensure that our teachers' lesson plans are aligned with the New Jersey Core Curriculum Standards. Other educational technology being utilized are "Children's Progress" (www.childrensprogress.com) for preschool through 3rd grade students and "Criterion On-Line Assessment" from Educational Testing Services. Another computer room is operational in order to accommodate our students using these additional educational software programs.
- C. Continuation of the full day kindergarten program and the half-day three and four year old program.
- D. Continuation of special services throughout the summer months as stipulated in our Special Service Corrective Action Plan in order to prevent regression of skills for those special needs students needing the extra instructional time.
- E. Summer program will be expanded to include regular education students who are in need of enrichment.
- F. Continuation of early morning Latch-Key program that starts at 7 A.M. and lasts until 8:30 A.M. as well as the basic skills extra help sessions scheduled for 8 A.M. to 8:30 A.M. each day for those students needing the extra help.

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.

INTERNAL ACCOUNTING CONTROLS (CONTINUED)

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

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

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

8) 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. A schedule of insurance coverage is found in J-20.

9) OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, “Audits of State, Local Governments and Non-Profit Organization” and State Treasury Circular Letter 04-04 OMB, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.” The auditors’ report on the basic financial statements and specific required supplemental information 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.

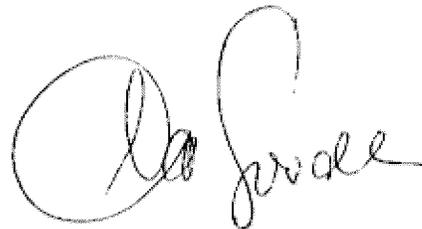
10) ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Union Beach School District 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,



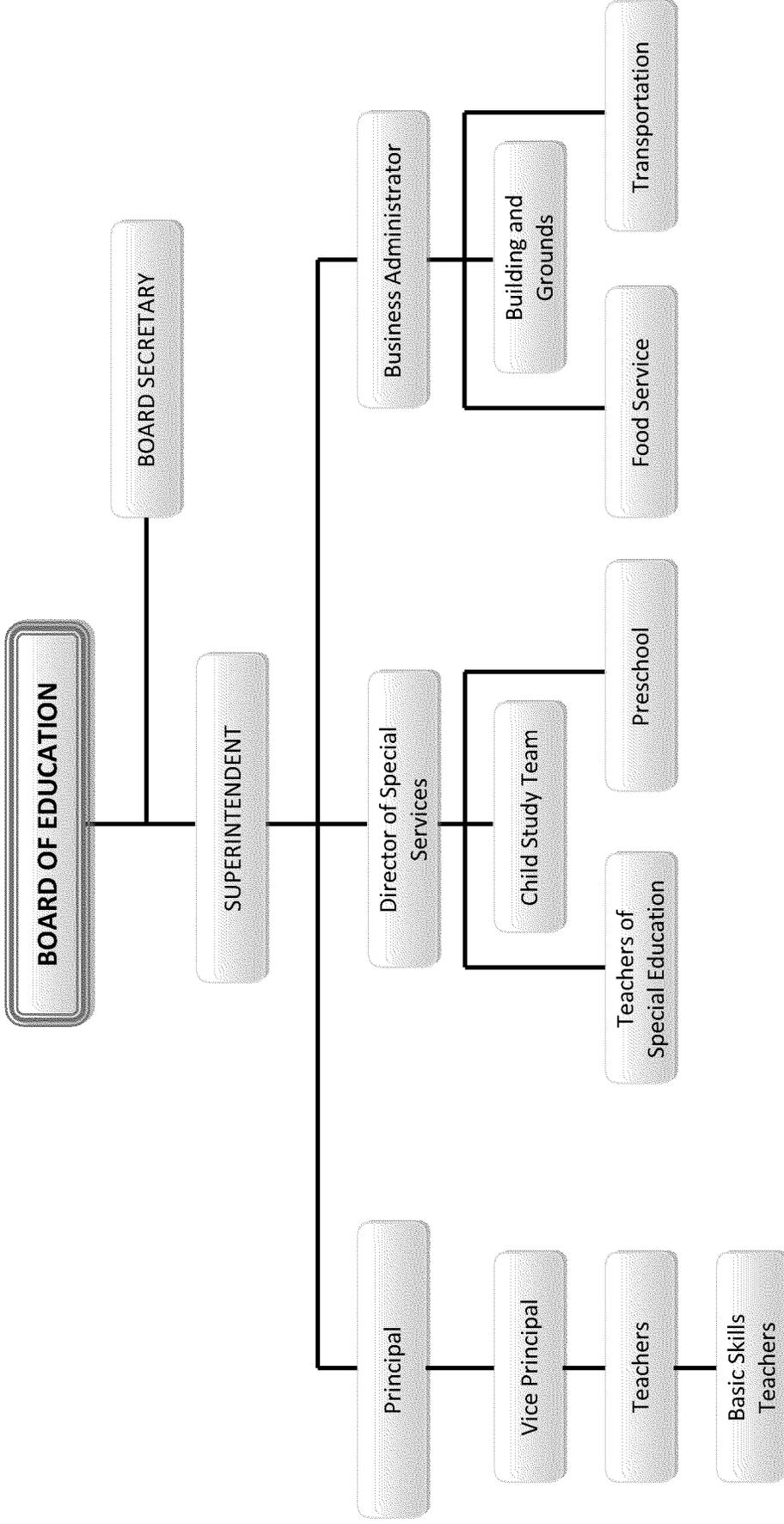
Joseph J. Annibale
Superintendent



Joyce A. Goode
Business Administrator/
Board Secretary

UNION BEACH BOARD OF EDUCATION

Organizational Chart (Unit Control)



**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Maria Sisolak, President	2012
Jean Watson, Vice President	2012
Angela Cocuzza	2014
Desiree Durkin	2013
Cheryl McCarthy	2011
James McGrogan	2013
Wendy Johnson	2012
Christopher Tuberion	2014
Ryan Sobin	2013

OTHER OFFICIALS

Arthur J. Waltz, Superintendent

Joyce A. Goode, Business Administrator/Board Secretary

Joseph J. Faccone, Treasurer of School Moneys

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Barre & Company
Certified Public Accountants
2204 Morris Avenue
Union, New Jersey 07083

Attorney

Kenney, Gross, Kovats and Campbell
130 Maple Avenue
P.O. Box 8610
Red Bank, NJ 07701

Insurance Agents

Bittner & Carton Agency Inc.
Atlantic Avenue & Highway 36
P.O. Box 55
Keyport, NJ 07735

L.D.P. Consulting Group
80 Lambert Lane
Lambertville, NJ 08530

Official Depositories

NJ Cash Management Fund
Bank of America

FINANCIAL SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2204 Morris Avenue, Suite 206

Union, New Jersey 07083

(908) 686-3484

FAX – (908) 686-6055

Independent Auditor's Report

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

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

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

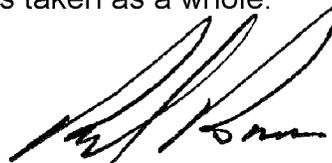
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2011 on our consideration of the School District's internal control over financial reporting and on 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Information starting on pages 14 and 73, respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget (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,"* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relations to the basic financial statements taken as a whole.



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

August 24, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

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

The discussion and analysis of Union Beach School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2011 are as follows:

- ❖ General revenues accounted for \$15,611,013 in revenue or 94% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,010,614 or 6% of total revenues of \$16,621,627.
- ❖ The School District had \$16,871,274 in expenses; only \$1,010,614 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$15,611,013 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$15,373,961 in revenues and \$15,387,702 in expenditures and other financing sources. The General Fund's fund balance decreased \$13,741 over 2010. This decrease was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

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

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

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

Using this Comprehensive Annual Financial Report (CAFR) (CONTINUED):

District – Wide Financial Statements (Statements of Net Assets and Statements of Activities)

These statements provide both short – term and long – term information about the District's overall financial status.

Fund Financial Statements

Fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the district – wide statements.

- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about the activities the District operates like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

Using this Comprehensive Annual Financial Report (CAFR) (CONTINUED):

**Figure A-1
Major Features of District-Wide and Fund Financial Statements**

	<u>District-wide Statements</u>	<u>Fund Financial Statements</u>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	*Statement of net assets *Statement of activities	*Balance sheet *Statement of revenues, expenditures, and changes in fund balances	*Statement of net assets *Statement of revenues, expenses, and changes in fund net assets *State of cash flows	*Statement of fiduciary net assets *Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resource focus
Type of assets/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term, and long-term. Union Beach School District’s funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions, during the year, regardless of when cash is received or paid

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of managements’ discussion and analysis highlights the structure and contents of each of the statements.

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

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

Using this Comprehensive Annual Financial Report (CAFR) (CONTINUED):

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

**Reporting the School District as a Whole
Statement of Net Assets and the Statement of Activities**

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

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

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

- ❖ Governmental activities — All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found starting on page 43 of this report.

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

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

The School District as a Whole

Recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for 2011 with comparative amounts for 2010.

**Table 1
Net Assets**

	2011	2010
Assets		
Current and Other Assets	\$ 2,501,375	\$ 2,550,380
Capital Assets	<u>7,040,780</u>	<u>7,318,699</u>
Total Assets	<u>9,542,155</u>	<u>9,869,079</u>
Liabilities		
Account and Other Payables	284,691	379,366
Other Current Liabilities	173,550	112,530
Long-Term Liabilities	<u>731,505</u>	<u>770,724</u>
Total Liabilities	<u>1,189,746</u>	<u>1,262,620</u>
Net Assets		
Invested in Capital Assets, Net of Debt	7,040,780	7,318,699
Restricted	2,118,237	2,502,604
Unrestricted	<u>(806,608)</u>	<u>(1,214,844)</u>
Total Net Assets	<u>\$ 8,352,409</u>	<u>\$ 8,606,459</u>

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

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

Table 2 shows changes in net assets for fiscal year 2011 with comparative amounts for 2010.

**Table 2
Changes in Net Assets**

	2011	2010
Revenues		
Program Revenues:		
Charges for Services	\$ 211,624	\$ 233,168
Operating Grants and Contributions	798,990	990,370
General Revenues:		
Property Taxes	6,280,672	6,280,672
Grants and Entitlements	9,307,691	7,717,485
Other	22,650	47,065
Total Revenues	<u>16,621,627</u>	<u>15,268,760</u>
Program Expenses		
Instruction	6,812,204	6,641,439
Support Services:		
Tuition	4,878,956	5,229,798
Student and Instruction Related	1,618,449	1,486,089
General and Business Administrative	733,766	860,936
School Administrative	264,380	269,366
Plant Operations and Maintenance	1,221,260	1,307,281
Pupil Transportation	655,527	642,544
Capital Outlay	326,519	26,880
Special Schools	-	14,064
Food Service/Latchkey Program	360,213	347,769
Total Program Expenses	<u>16,871,274</u>	<u>16,826,166</u>
Changes in Net Assets	<u>\$ (249,647)</u>	<u>\$ (1,557,406)</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 39% of revenues for governmental activities for the Union Beach School District for fiscal year 2011. The District's total revenues were \$16,273,449 for the year ended June 30, 2011. Federal, state, and local grants and state aid accounted for another 61% of revenues.

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

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

Business-Type Activities

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

Food service expenses exceeded revenues by \$21,577.

Latchkey Program revenues exceeded expenses by \$9,542.

Charges for services represent \$137,421 for Food Service and \$74,203 for Latchkey Program of revenue. This represents amounts paid by patrons for daily food service and latchkey participation

Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$136,554.

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

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

Governmental Activities (Continued)

Table 3

	Total Cost of Services	
	2011	2010
Instruction	\$ 6,812,204	\$ 6,641,439
Support Services:		
Tuition	4,878,956	5,229,798
Student and Instruction Related	1,618,449	1,486,089
General and Business Administrative	733,766	860,936
School Administrative	264,380	269,366
Plant Operations and Maintenance	1,221,260	1,307,281
Pupil Transportation	655,527	642,544
Capital Outlay	326,519	26,880
Special Schools	-	14,064
Total Expenses	\$ 16,511,061	\$ 16,478,397

	Net Cost of Services	
	2011	2010
Instruction	\$ 6,169,658	\$ 6,000,274
Support Services:		
Tuition	4,878,956	5,229,798
Student and Instruction Related	1,618,449	1,486,089
General and Business Administrative	733,766	860,936
School Administrative	264,380	269,366
Plant Operations and Maintenance	1,221,260	1,307,281
Pupil Transportation	635,637	449,818
Capital Outlay	326,519	26,880
Special Schools	-	3,524
Total Expenses	\$ 15,848,625	\$ 15,633,966

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

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

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

Governmental Activities (Continued)

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

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

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

“Other” includes special schools and unallocated depreciation.

The School District’s Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$16,273,449 and expenditures were \$16,291,901. The change in fund balance for the year was most significant in the General Fund, a decrease of \$13,741.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

Summary of Revenues-Governmental Funds

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2010</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 6,303,322	38.73%	\$ (24,415)	-0.39%
State Sources	9,259,664	56.90%	2,296,164	24.80%
Federal Sources	710,463	4.37%	(1,190,699)	-167.59%
Total	<u>\$ 16,273,449</u>	<u>100.00%</u>	<u>\$ 1,081,050</u>	

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

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

The School District's Funds (Continued)

The decrease in Local Sources is attributed to a decrease in interest and miscellaneous income of \$24,415.

The increase in State Sources is attributed to increases in state aid.

The decrease in Federal Sources is due to net decreases in grant awards.

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2011, and the percentage of increases and decreases in relation to prior year amounts.

Summary of Expenditures-Governmental Funds

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2010</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 4,706,135	28.89%	\$ (285,951)	-6.08%
Undistributed	11,244,448	69.01%	(275,587)	-2.45%
Capital Outlay	341,318	2.10%	314,438	92.12%
 Total	 <u>\$ 16,291,901</u>	 <u>100.00%</u>	 <u>\$ (247,100)</u>	

Changes in expenditures were the results of varying factors. Current expense decreased due to salary decreases, and decreased health benefits and utility costs.

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

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

General Fund Budgeting Highlights (Continued)

- ♣ Extraordinary aid, which is state aid for special education students whose individual program cost exceeds \$40,000 per year, was not anticipated as there is no guarantee from the Department of Education that these funds would be available.
- ♣ TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.
- ♣ Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into the District during the summer as well as the school year which necessitates transferring funds to the appropriate account to pay these special education costs.

Capital Assets

At the end of the fiscal year 2011, the School District had \$6,884,634 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 balances compared to 2010 .

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	2011	2010
Land	\$ 1,381,000	\$ 1,381,000
Land Improvements	61,382	72,660
Buildings and Buildings Improvements	5,223,276	5,439,802
Machinery and Equipment	218,976	274,235
Total	\$ 6,884,634	\$ 7,167,697

For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2011, the School District had \$731,505 of outstanding debt for compensated absences.

For more detailed information, please refer to the Notes to the Financial Statements.

**UNION BEACH SCHOOL DISTRICT
UNION BEACH, NEW JERSEY**

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

For the Future

The Union Beach School District is in stable financial condition presently. The School District is proud of its community support of the public schools. Presently, the city's projects have not increased our student population to cause an enrollment growth problem. As in every district, we are increasing each year with reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and State funding is lessened.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Union Beach School District, Administration Building, 1207 Florence Avenue, Union Beach, New Jersey 07735.

BASIC FINANCIAL STATEMENTS

SECTION A - DISTRICT-WIDE FINANCIAL STATEMENTS

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

UNION BEACH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	\$ 882,514	\$ 300,400	\$ 1,182,914
Restricted	575,309		575,309
Capital Reserve	990		990
Interfund Receivables	209,851	75,481	285,332
Receivables	438,893	8,678	447,571
Inventories		9,259	9,259
Capital Assets, Net	6,884,634	156,146	7,040,780
	<u>8,992,191</u>	<u>549,964</u>	<u>9,542,155</u>
LIABILITIES:			
Interfund Payable	252,718		252,718
Payable to Federal Government	11,193		11,193
Accounts Payable		20,780	20,780
Deferred Revenue	173,550		173,550
Noncurrent Liabilities:			
Due Within One Year	16,455		16,455
Due Beyond One Year	715,050		715,050
	<u>1,168,966</u>	<u>20,780</u>	<u>1,189,746</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	6,884,634	156,146	7,040,780
Restricted for:			
Special Revenue Fund	(25,681)		(25,681)
Other Purposes	2,143,918		2,143,918
Unrestricted	(1,179,646)	373,038	(806,608)
	<u>\$ 7,823,225</u>	<u>\$ 529,184</u>	<u>\$ 8,352,409</u>

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

UNION BEACH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:								
Instruction:								
Regular	\$ 4,132,182	\$ 1,461,971	\$ -	\$ -	\$ -	\$ (5,594,153)	\$ -	\$ (5,594,153)
Special Education	747,895	390,265		642,546		(495,614)		(495,614)
Other Special Education	7,195	3,754				(10,949)		(10,949)
Other Instruction	50,008	18,934				(68,942)		(68,942)
Support Services:								
Tuition	4,878,956					(4,878,956)		(4,878,956)
Student and Instruction Related Services	1,129,822	488,627				(1,618,449)		(1,618,449)
General and Business Administrative Services	518,702	215,064				(733,766)		(733,766)
School Administrative Services	176,382	87,998				(264,380)		(264,380)
Plant Operations and Maintenance	985,568	235,692				(1,221,260)		(1,221,260)
Pupil Transportation	580,452	75,075		19,890		(635,637)		(635,637)
Capital Outlay	326,519					(326,519)		(326,519)
Total Governmental Activities	13,533,681	\$ 2,977,380	-	662,436	-	(15,848,625)	-	(15,848,625)
BUSINESS-TYPE ACTIVITIES:								
Food Service/Latchkey Program	360,213		211,624	136,554			(12,035)	(12,035)
Total Business-Type Activities	360,213		211,624	136,554			(12,035)	(12,035)
Total Primary Government	\$ 13,893,894		\$ 2,111,624	\$ 798,990	\$ -	\$ (15,848,625)	\$ (12,035)	\$ (15,860,660)
GENERAL REVENUES:								
Property Taxes Levied For:								
General Purposes						\$ 6,280,672	\$ -	\$ 6,280,672
Federal and State Aid Not Restricted						9,307,691		9,307,691
Investment Earnings						2,650		2,650
Miscellaneous Income						20,000		20,000
Total General Revenues						15,611,013	-	15,611,013
Change in Net Assets						(237,612)	(12,035)	(249,647)
Net Assets - Beginning						8,085,521	520,938	8,606,459
Restatement of Capital Assets						(24,684)	20,281	(4,403)
Net Assets - Beginning as Restated						8,060,837	541,219	8,602,056
Net Assets - Ending						7,823,225	529,184	8,352,409

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

SECTION B - FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

UNION BEACH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	General Fund	Special Revenue Fund	Total
ASSETS:			
Cash and Cash Equivalents:			
Unrestricted	\$ 814,690	\$ 67,824	\$ 882,514
Restricted	575,309		575,309
Capital Reserve Account	990		990
Interfund Receivables	209,851		209,851
Receivables From Other Governments	94,937	343,956	438,893
	<u>\$ 1,695,777</u>	<u>\$ 411,780</u>	<u>\$ 2,107,557</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables	\$ -	\$ 252,718	\$ 252,718
Payable to Federal Government		11,193	11,193
Deferred Revenue		173,550	173,550
	<u>-</u>	<u>437,461</u>	<u>437,461</u>
Fund Balances:			
Reserved For:			
Encumbrances	8,997		8,997
Capital Reserve Account	640,309		640,309
Current Expense Emergencies	50,000		50,000
Excess Surplus	340,885		340,885
Designated for Subsequent Year's Expenditures	1,103,727		1,103,727
Unreserved:			
General Fund	(448,141)		(448,141)
Special Revenue Fund		(25,681)	(25,681)
	<u>1,695,777</u>	<u>(25,681)</u>	<u>1,670,096</u>
Total Fund Balances	<u>1,695,777</u>	<u>(25,681)</u>	<u>1,670,096</u>
Total Liabilities and Fund Balances	<u>\$ 1,695,777</u>	<u>\$ 411,780</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$11,542,808 and the accumulated depreciation is \$4,658,174. 6,884,634

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. (731,505)

Net Assets of Governmental Activities \$ 7,823,225

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

UNION BEACH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Total
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 6,280,672	\$ -	\$ 6,280,672
Interest on Investments	2,650		2,650
Miscellaneous	20,000		20,000
Total Local Sources	6,303,322	-	6,303,322
State Sources	9,068,640	191,024	9,259,664
Federal Sources	1,999	708,464	710,463
Total Revenues	15,373,961	899,488	16,273,449
EXPENDITURES:			
Current:			
Instruction:			
Regular	3,024,434	876,603	3,901,037
Special Education	747,895		747,895
Other Special Education	7,195		7,195
Other	50,008		50,008
Support Services and Undistributed Costs:			
Tuition	4,878,956		4,878,956
Student and Instruction Related Services	1,101,626	27,596	1,129,222
General and Business Administrative Services	546,102		546,102
School Administrative Services	176,382		176,382
Plant Operations and Maintenance	965,370		965,370
Pupil Transportation	571,036		571,036
Employee Benefits	2,977,380		2,977,380
Capital Outlay	341,318		341,318
Total Expenditures	15,387,702	904,199	16,291,901
NET CHANGE IN FUND BALANCES	(13,741)	(4,711)	(18,452)
FUND BALANCES, JULY 1	1,709,518	(20,970)	1,688,548
FUND BALANCES, JUNE 30	\$ 1,695,777	\$ (25,681)	\$ 1,670,096

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

UNION BEACH SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total net change in fund balances - governmental funds (B-2) \$ (18,452)

Amounts reported for governmental activities in the statement of activities
 (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.
 However, on the statement of activities, the cost of those
 assets which are capitalized are allocated over their estimated useful lives
 as depreciation expense in the current fiscal year.

Depreciation Expense (258,379)

In the statement of activities, certain expenses, e.g., compensated
 absences (vacations & sick pay) are measured by the amounts earned
 during the year. In the governmental funds, however, expenditures for
 these items are reported in the amount of financial resources used (paid).
 When the earned amount exceeds the paid amount, the difference is a
 reduction in the reconciliation; when the paid amount exceeds the earned
 amount, the difference is an addition to the reconciliation.

39,219

Change in net assets of governmental activities

\$ (237,612)

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

PROPRIETARY FUNDS

UNION BEACH SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 JUNE 30, 2011

	Business- Type Activities - Enterprise Funds		
	Food Service	Latchkey Program	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 65,541	\$ 234,859	\$ 300,400
Due From Other Funds	75,481		75,481
Receivables from Other Governments	8,678		8,678
Inventories	9,259		9,259
Total Current Assets	<u>158,959</u>	<u>234,859</u>	<u>393,818</u>
Noncurrent Assets:			
Machinery and Equipment	338,751		338,751
Less: Accumulated Depreciation	<u>(182,605)</u>		<u>(182,605)</u>
Total Noncurrent Assets	<u>156,146</u>	<u>-</u>	<u>156,146</u>
Total Assets	<u>\$ 315,105</u>	<u>\$ 234,859</u>	<u>\$ 549,964</u>
LIABILITIES AND NET ASSETS:			
Liabilities:			
Accounts Payable	\$ 20,780	\$ -	\$ 20,780
Total Liabilities	<u>20,780</u>	<u>-</u>	<u>20,780</u>
Net Assets:			
Invested in Capital Assets	156,146		156,146
Unrestricted	<u>138,179</u>	<u>234,859</u>	<u>373,038</u>
Total Net Assets	<u>294,325</u>	<u>234,859</u>	<u>529,184</u>
Total Liabilities and Net Assets	<u>\$ 315,105</u>	<u>\$ 234,859</u>	<u>\$ 549,964</u>

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

UNION BEACH SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds		
	Food Service	LatchKey Program	Totals
OPERATING REVENUES:			
Charges for Services:			
Tuition	\$ -	\$ 74,203	\$ 74,203
Daily Sales Reimbursable Program	137,421		137,421
Total Operating Revenues	137,421	74,203	211,624
OPERATING EXPENSES:			
Salaries	102,963	49,977	152,940
Management Fees	14,500		14,500
Support Services - Employee Benefits		3,824	3,824
Other Purchased Services	2,647	611	3,258
Supplies and Materials	42,618	7,962	50,580
Depreciation Expense	15,137		15,137
Cost of Sales	88,678		88,678
Miscellaneous Expenditures	29,009	2,287	31,296
Total Operating Expenses	295,552	64,661	360,213
OPERATING INCOME (LOSS)	(158,131)	9,542	(148,589)
NONOPERATING REVENUES:			
State Sources:			
State Lunch Program	3,638		3,638
Federal Sources:			
Federal Lunch Program	110,123		110,123
Federal Breakfast Program	9,341		9,341
After School Snack Program	2,043		2,043
U.S.D.A. Commodities	11,409		11,409
Total Nonoperating Revenues	136,554	-	136,554
CHANGE IN NET ASSETS	(21,577)	9,542	(12,035)
TOTAL NET ASSETS - JULY 1	295,621	225,317	520,938
RESTATEMENT OF CAPITAL ASSETS	20,281	-	20,281
TOTAL NET ASSETS - JULY 1, AS RESTATED	315,902	225,317	541,219
TOTAL NET ASSETS - JUNE 30	\$ 294,325	\$ 234,859	\$ 529,184

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

UNION BEACH SCHOOL DISTRICT
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds		
	Food Service	Latchkey Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 157,697	\$ 74,203	\$ 231,900
Cash Payments to Suppliers and Employees	(262,885)	(64,661)	(327,546)
Net Cash Provided By (Used In) Operating Activities	(105,188)	9,542	(95,646)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash Received From State And Federal Reimbursements	125,145		125,145
Food Distribution Program Commodities	11,409		11,409
Net Cash Provided By Noncapital Financing Activities	136,554	-	136,554
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,366	9,542	40,908
CASH AND CASH EQUIVALENTS, JULY 1	34,175	225,317	259,492
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 65,541</u>	<u>\$ 234,859</u>	<u>\$ 300,400</u>
Reconciliation of Operating Income (Loss) to Net Cash Used In Operating Activities:			
Operating Income (Loss)	\$ (158,131)	\$ 9,542	\$ (148,589)
Depreciation	15,137		15,137
Change In Assets And Liabilities:			
Decrease In Due From Other Funds	18,008		18,008
Decrease In Receivables From Other Governments	2,268		2,268
Decrease In Inventories	1,195		1,195
Increase In Accounts Payable	16,335		16,335
Net Cash Provided By (Used In) Operating Activities	<u>\$ (105,188)</u>	<u>\$ 9,542</u>	<u>\$ (95,646)</u>

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

FIDUCIARY FUNDS

UNION BEACH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	Unemployment Compensation Insurance	Private Purpose Scholarship Funds	Agency Fund
ASSETS:			
Cash and Cash Equivalents	\$ 16,290	\$ 1,842	\$ 205,691
Interfund Accounts Receivable	3,865		
Total Assets	20,155	1,842	\$ 205,691
LIABILITIES:			
Interfund Accounts Payable			\$ 36,479
Payable to Student Groups			30,339
Accounts Payable	6,232		
Payroll Deductions and Withholdings			138,873
Total Liabilities	6,232	-	\$ 205,691
NET ASSETS (DEFICIT):			
Restricted For:			
Permanent Endowment - Nonexpendable		2,000	
Reserved Net Assets (Deficit)	13,923	(158)	
Total Net Assets	\$ 13,923	\$ 1,842	

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

UNION BEACH SCHOOL DISTRICT
 FIDUCIARY NET ASSETS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Insurance	Private Purpose Scholarship Funds
ADDITIONS:		
Interest	\$ 10	\$ 13
Contributions:		
Employees	10,596	
Board	82,491	
Total Additions	<u>93,097</u>	<u>13</u>
DEDUCTIONS:		
Expenditures	<u>88,723</u>	<u>286</u>
Total Deductions	<u>88,723</u>	<u>286</u>
CHANGE IN NET ASSETS	4,374	(273)
NET ASSETS - BEGINNING OF YEAR	<u>9,549</u>	<u>2,115</u>
NET ASSETS - END OF YEAR	<u><u>\$ 13,923</u></u>	<u><u>\$ 1,842</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Union Beach School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms and two sending district members appointed annually. The purpose of the district is to educate students in grades Pre-K through 8. The Union Beach School District had an approximate enrollment at June 30, 2011 of 1,158.

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

- the organization is legally separate (can sue or be sued in their own name) the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- 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 fiscal dependency by the organization on the District

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

B. Basis of Presentation. Basis of Accounting

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

UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation. Basis of Accounting (Continued)

Basis of Presentation

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

The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary*, and *fiduciary* — are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in

UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation. Basis of Accounting (Continued)

GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets 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: Not applicable.

Debt Service Fund: Not applicable.

UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation. Basis of Accounting (Continued)

The District reports the following proprietary fund:

Enterprise (Food Service & Latchkey Program) Fund: The enterprise fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund, Private Purpose Scholarship Fund, and Unemployment Compensation Trust Fund.

Basis of Accounting

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

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

UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation. Basis of Accounting (Continued)

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

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

C. Budgets/Budgetary Control

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

**UNION BEACH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as 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 following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting to the GAAP basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	\$ 943,198
Adjustments:	
Less Encumbrances at June 30, 2011	(46,329)
Plus Encumbrances at June 30, 2010	<u>7,330</u>
Total Revenues and Expenditures (GAAP Basis)	<u><u>\$ 904,199</u></u>

D. Encumbrances Accounting

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.

UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Encumbrances Accounting (Continued)

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

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

E. Assets, Liabilities, and Equity

Tuition Receivable:

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

Tuition Payable:

Tuition charges for the fiscal years 2010-2011 and 2009-2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

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

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2008.

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 District and that are due within one year.

Allowance for Uncollectible Accounts:

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

Capital Assets:

Capital assets, which include land, water stock, buildings and improvements, and furniture and equipment, are reported in the government – wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost.

Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & computer equipment	5-10
Instructional equipment	10
Grounds equipment	15

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

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.

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligibility requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-term Obligations:

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

UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues — Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis,

UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Equity (Continued)

revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets, Liabilities, and Equity (Continued)

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

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

NOTE 2: **CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

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

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

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

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

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

Investments

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

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

**UNION BEACH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Operating Account	<u>\$ 1,390,989</u>	<u>\$ 67,824</u>	<u>\$ 300,400</u>	<u>\$ 223,823</u>	<u>\$ 1,983,036</u>

The investments recorded in the District-wide statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the District-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2011 was \$1,983,036 and the bank balance was \$2,456,120. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Risk Category

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 — Insured or collateralized with securities held by the Board or by its agent in the Board's name.

Category 2 — Collateralized with securities held by the pledging public depository's trust department or agent in the Board's name.

Category 3 — Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board's name.

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Risk Category (Continued)

As of June 30, 2011, the Board had funds invested and on deposit in checking accounts and New Jersey ARM. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3 and are classified as Category 1, both at year-end and throughout the year.

New Jersey Cash Management Fund

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

As of June 30, 2011, the District had \$575,309 on deposit with the New Jersey Cash Management Fund.

NOTE 3: RECEIVABLES

Receivables at June 30, 2011, consisted of accounts (tuition), intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3: RECEIVABLES (CONTINUED)

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 94,937	\$ 95,204
Federal Aid	343,956	352,367
Other	-	-
Gross Receivables	<u>438,893</u>	<u>447,571</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 438,893</u></u>	<u><u>\$ 447,571</u></u>

NOTE 4: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Union Beach Board of Education on October 3, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.S.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

A summary of the activity in this account for the fiscal year ended June 30, 2011 is as follows:

Capital Reserve:	
Balance, July 1, 2010	\$ 774,157
Interest Earnings	1,152
Budgeted Decrease in Capital Reserve	<u>(135,000)</u>
Balance, June 30, 2011	<u><u>\$ 640,309</u></u>

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5: INTERFUND TRANSFERS AND BALANCES

Transfers between funds are used to (1) move investment income earned in the Capital Projects Fund that is required to be expended in the Debt Service Fund; (2) repay expenses paid by another fund; and (3) make a Board contribution to the Unemployment Compensation Trust Fund.

The following interfund balances remained on the fund financial statements at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 209,851	\$ -
Special Revenue Fund		252,718
Proprietary Fund	75,481	
Fiduciary Fund	3,865	36,479
Total	<u>\$ 289,197</u>	<u>\$ 289,197</u>

NOTE 6: INVENTORY

Inventory in the Food Service Fund at June 30, 2011, consisted of the following:

Food	\$ 8,480
Supplies	779
	<u>\$ 9,259</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7: CAPITAL ASSETS

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

	Beginning Balance (Restated)	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 1,381,000	\$ -	\$ -	\$ 1,381,000
Total Capital Assets Not Being Depreciated	<u>1,381,000</u>	<u>-</u>	<u>-</u>	<u>1,381,000</u>
<i>Capital Assets Being Depreciated:</i>				
Site Improvements	380,425	-	-	380,425
Building and Building Improvements	9,075,655	-	-	9,075,655
Machinery and Equipment	690,929	14,799	-	705,728
Totals at Historical Cost	<u>10,147,009</u>	<u>14,799</u>	<u>-</u>	<u>10,161,808</u>
Less Accumulated Depreciation For:				
Site Improvements	306,912	12,131	-	319,043
Building and Building Improvements	3,636,542	215,837	-	3,852,379
Machinery and Equipment	441,542	45,210	-	486,752
Total Accumulated Depreciation	<u>4,384,996</u>	<u>273,178</u>	<u>-</u>	<u>4,658,174</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>5,762,013</u>	<u>(258,379)</u>	<u>-</u>	<u>5,503,634</u>
Government Activity Capital Assets, Net	<u>\$ 7,143,013</u>	<u>\$ (258,379)</u>	<u>\$ -</u>	<u>\$ 6,884,634</u>
Business-Type Activities:				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 338,751	\$ -	\$ -	\$ 338,751
Less Accumulated Depreciation	(167,468)	(15,137)	-	(182,605)
Enterprise Fund Capital Assets, Net	<u>\$ 171,283</u>	<u>\$ (15,137)</u>	<u>\$ -</u>	<u>\$ 156,146</u>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives. Depreciation expense was charged to functions as follows:

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 7: CAPITAL ASSETS (CONTINUED)

Instruction	\$ 231,145
Student and Related Services	600
General and Business Administrative Services	11,819
Plant Operations and Maintenance	20,198
Pupil Transportation	9,416
Total	<u>\$ 273,178</u>

NOTE 8: LONG-TERM OBLIGATIONS

A. Long-term Obligation Activity

Changes in long-term obligations for the year ended June 30, 2011, are as follows:

	Balance			Balance	Amounts
	July 1, 2010	Increase	Decrease	June 30, 2011	Due Within One Year
Compensated Absences					
Payable	<u>\$ 770,724</u>	<u>\$ 142,111</u>	<u>\$ 181,330</u>	<u>\$ 731,505</u>	<u>\$ 16,455</u>
Total	<u>\$ 770,724</u>	<u>\$ 142,111</u>	<u>\$ 181,330</u>	<u>\$ 731,505</u>	<u>\$ 16,455</u>

Compensated absences have been liquidated in the General Fund.

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 9: SEGMENT INFORMATION – ENTERPRISE FUNDS

The District maintains an Enterprise Fund to provide food. Significant financial data as of and for the year ended June 30, 2011, for the District’s Enterprise Fund is as follows:

	<u>Food Service</u>
Operating Revenues	\$ 137,421
Depreciation Expense	15,137
Operating Loss	(158,131)
Nonoperating Revenues	136,554
Net Loss	(21,577)
Total Net Assets	315,105
Total Equity	294,325

NOTE 10: PENSION PLANS

Description of Plans

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

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 10: PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF)

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

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:1 5A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A: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 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). 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.

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 10: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

Members are always fully vested for their own contributions and, after three years of service credit, become vested for two percent 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

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of one percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

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 five percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a noncontributing employer of TPAF.

UNION BEACH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 10: PENSION PLANS (CONTINUED)

Contribution Requirements (Continued)

Three-Year Trend Information for PERS			
Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$137,066	100%	\$137,066
6/30/10	\$111,860	100%	\$111,860
6/30/09	\$98,172	100%	\$98,172

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	None	100%	None
6/30/10	None	100%	None
6/30/09	None	100%	None

During the fiscal year ended June 30, 2011, the State of New Jersey made \$335,479 contribution to the TPAF for normal and post-retirement benefits on behalf of the District. In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$333,618 during the fiscal 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 District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 11: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 11: POST-RETIREMENT BENEFITS (CONTINUED)

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 receiving 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 pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS, 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 its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 12: RISK MANAGEMENT (CONTINUED)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Income</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 82,491	\$ 10,596	\$ 10	\$ 88,723	\$ 13,923
2009-2010	33,803	11,328	24	46,293	9,549
2008-2009	53,248	11,083	26	72,193	10,687

NOTE 13: CONTINGENT LIABILITIES

Grant Programs

The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 14: FUND BALANCE APPROPRIATED

General Fund

Of the \$1,695,777 General Fund, fund balance at June 30, 2011, \$8,997 is reserved for encumbrances ; \$640,309 is reserved for capital reserve account; \$50,000 is reserved for emergencies; \$340,885 is reserved for excess surplus; \$1,103,727 is reserved for legally restricted – designated for subsequent year's expenditures; and (\$448,141) is unreserved and undesignated.

NOTE 15: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, 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. At June 30, 2011, there is \$340,885 excess fund balance.

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 16: DEFICIT FUND BALANCES

The District has a deficit unreserved fund balance of (\$448,141) in the General Fund and (\$25,681) in the Special Revenue Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). *N.J.S.A.* 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of (\$473,822) is equal to (or) is less than the last state aid payment.

NOTE 17: DEFERRED COMPENSATION

The Board offers its employees a choice of various 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:

Siracusa
AXA Equitable
Lincoln Investment Financial
Metropolitan Life Insurance

**UNION BEACH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 18: RESTATEMENT OF NET ASSETS

The beginning balances of net assets for the governmental and business-type activities have been restated in the amounts of \$8,060,837 and \$541,219, respectively, which represent the decrease in governmental activities and increase in business-type activities of the historical cost of its capital assets as part of the implementation of GASB Statement 34. This resulted in the following restatement of net assets as of June 30, 2010:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Assets, June 30, 2010	\$ 8,085,521	\$ 520,938
Restatement of Capital Assets	<u>(24,684)</u>	<u>20,281</u>
Net Assets, June 30, 2010, as Restated	<u>\$ 8,060,837</u>	<u>\$ 541,219</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART II

SECTION C - BUDGETARY COMPARISON SCHEDULES

UNION BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 6,280,672	\$ -	\$ 6,280,672	\$ 6,280,672	\$ -
Earnings on Investments	2,000		2,000	2,650	650
Other Revenues from Local Sources	20,000		20,000	20,000	-
Total Local Sources	6,302,672	-	6,302,672	6,303,322	650
State Sources:					
Special Education Aid	161,165	480,228	641,393	641,393	-
Extraordinary Aid		40,701	40,701	40,701	-
Equalization Aid	7,758,908	(480,228)	7,278,680	7,278,680	-
Other Unrestricted State Aid		14,309	14,309	14,309	-
On-Behalf TPAF Pension Contributions				335,479	335,479
Reimbursed TPAF Social Security Contributions				333,618	333,618
On-Behalf TPAF Post Retirement Medical Contributions				320,395	320,395
Total State Sources	7,920,073	55,010	7,975,083	8,964,575	989,492
Federal Sources:					
Medical Assistance Program (SEMI)		1,999	1,999	1,999	-
Total Federal Sources	-	1,999	1,999	1,999	-
Total Revenues	14,222,745	57,009	14,279,754	15,269,896	990,142
EXPENDITURES:					
Current Expenses:					
Instruction:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	313,381	9,943	323,324	320,874	2,450
Grades 1-5	1,098,036	86,183	1,184,219	1,184,219	-
Grades 6-8	1,254,513	(53,532)	1,200,981	1,117,712	83,269
Total Regular Programs - Instruction	2,665,930	42,594	2,708,524	2,622,805	85,719
Regular Programs - Home Instruction:					
Purchased Prof/Ed Services	15,000		15,000	12,567	2,433
Total Regular Programs - Home Instruction	15,000	-	15,000	12,567	2,433
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	126,292	54,502	180,794	178,885	1,909
Other Purchased Services	5,000		5,000	389	4,611
General Supplies	155,000	13,803	168,803	153,917	14,886
Textbooks	32,500	60,178	92,678	40,802	51,876
Miscellaneous Expenditures	15,000	1,429	16,429	15,069	1,360
Total Regular Programs - Undistributed Instruction	333,792	129,912	463,704	389,062	74,642
Total Regular Programs	3,014,722	172,506	3,187,228	3,024,434	162,794
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	254,159		254,159	146,236	107,923
Other Salaries for Instruction	126,670	11,229	137,899	127,587	10,312
Total Learning and/or Language Disabilities	380,829	11,229	392,058	273,823	118,235
Resource Room/Resouce Center:					
Salaries of Teachers	585,664	-	585,664	473,935	111,729
Total Resource Room/Resouce Center	585,664	-	585,664	473,935	111,729
Autistism:					
Other Salaries for Instruction		137	137	137	-
Total Autistism	-	137	137	137	-

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

UNION BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued from Prior Page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Basic Skills/Remedial:					
Salaries of Teachers	\$ 36,467	\$ 3,337	\$ 39,804	\$ 7,195	\$ 32,609
Total Basic Skills/Remedial	36,467	3,337	39,804	7,195	32,609
Total Special Education	1,002,960	14,703	1,017,663	755,090	262,573
Other Instructional Programs:					
School-Sponsored Co-Curricular and Extra-Curricular Activities:					
Salaries	38,399	427	38,826	36,284	2,542
Purchased Services	23,000	10,284	33,284	13,724	19,560
Supplies and Materials	5,000	71	5,071		5,071
Total Other Instructional Programs	66,399	10,782	77,181	50,008	27,173
Total Instruction	4,084,081	197,991	4,282,072	3,829,532	452,540
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	3,688,877	3,528	3,692,405	3,692,405	-
Tuition to Other LEAs Within the State - Special Education	84,694	19,634	104,328	104,328	-
Tuition to County Vocational School Districts - Regular	116,000	(3,528)	112,472	59,700	52,772
Tuition to County Vocational School Districts - Special Education		44,000	44,000	38,250	5,750
Tuition to Private Schools for the Disabled Within the State	1,057,327	(9,683)	1,047,644	981,172	66,472
Tuition to Private Schools for the Disabled Outside the State	125,000	(49,634)	75,366	3,101	72,265
Total Instruction	5,071,898	4,317	5,076,215	4,878,956	197,259
Attendance and Social Work Services:					
Salaries	1,200		1,200	1,058	142
Total Attendance and Social Work Services	1,200	-	1,200	1,058	142
Health Services:					
Salaries	81,065		81,065	80,676	389
Purchased Prof/Tech Services	25,000	250	25,250	23,872	1,378
Supplies and Materials	5,000	157	5,157	4,065	1,092
Total Health Services	111,065	407	111,472	108,613	2,859
Other Support Services Students - Related Services:					
Salaries	210,972	40	211,012	210,450	562
Total Other Support Services Students - Related Services	210,972	40	211,012	210,450	562
Other Support Services Students - Extraordinary Services:					
Purchased Prof/Ed Services	90,000	8,427	98,427	90,476	7,951
Supplies and Materials	5,000	(477)	4,523	663	3,860
Total Other Support Services Students - Extraordinary Services	95,000	7,950	102,950	91,139	11,811
Other Support Services Students - Regular Services:					
Salaries of Other Professional Staff	31,717	21,546	53,263	53,263	-
Total Other Support Services Students - Regular Services	31,717	21,546	53,263	53,263	-
Other Support Services Students - Special Services:					
Salaries of Other Professional Staff	368,059	(8,667)	359,392	357,613	1,779
Salaries of Secretarial and Clerical Assistants	75,202	(10,539)	64,663	60,676	3,987
Other Purchased Prof/Tech Services	20,000	(1,536)	18,464	7,370	11,094
Other Objects		1,536	1,536	1,536	-
Total Other Support Services Students - Special Services	463,261	(19,206)	444,055	427,195	16,860
Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	84,744		84,744	84,541	203
Other Purchased Services	5,000		5,000	3,465	1,535
Other Objects		80,000	80,000	1,167	78,833
Total Improvement of Instruction Services	89,744	80,000	169,744	89,173	80,571

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

UNION BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Educational Media/Library:					
Salaries	\$ 88,414	\$ 329	\$ 88,743	\$ 88,117	\$ 626
Supplies and Materials	17,000		17,000	13,277	3,723
Total Educational Media/Library	105,414	329	105,743	101,394	4,349
Instructional Staff Training Services:					
Other Purchased Services	25,000		25,000	19,341	5,659
Total Instructional Staff Training Services	25,000	-	25,000	19,341	5,659
Support Services General Administration:					
Salaries	212,491		212,491	200,367	12,124
Legal Fees	40,000	120	40,120	24,573	15,547
Audit Fees	23,500		23,500	20,000	3,500
Communications/Telephone	42,000		42,000	25,511	16,489
BOE Other Purchased Services	7,000		7,000		7,000
Other Purchased Services	18,000		18,000	13,440	4,560
General Supplies	10,000	(360)	9,640	8,735	905
BOE In-House Training/Meeting Supplies	6,000	74	6,074	2,366	3,708
Miscellaneous Expenditures	13,000	945	13,945	9,278	4,667
BOE Membership Dues and Fees	10,000	(645)	9,355	7,713	1,642
Total Support Services General Administration	381,991	134	382,125	311,983	70,142
Support Services School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	103,952		103,952	78,201	25,751
Salaries of Secretarial and Clerical Assistants	98,653		98,653	90,437	8,216
Supplies and Materials	8,000	104	8,104	7,744	360
Total Support Services School Administration	210,605	104	210,709	176,382	34,327
Central Services:					
Salaries	211,860		211,860	211,775	85
Purchased Technical Services	17,000	(2,266)	14,734	14,734	-
Supplies and Materials	2,500	3,005	5,505	5,289	216
Miscellaneous Expenditures	3,000	(679)	2,321	2,321	-
Total Central Services	234,360	60	234,420	234,119	301
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	117,000	33,856	150,856	88,571	62,285
Other Objects	10,000	14,845	24,845	21,996	2,849
Total Required Maintenance for School Facilities	127,000	48,701	175,701	110,567	65,134
Other Operation and Maintenance of Plant Services:					
Salaries	515,314	(25,000)	490,314	451,676	38,638
Purchased Prof/Tech Services	20,800	14,440	35,240	25,570	9,670
Other Purchased Property Services	29,484		29,484	28,881	603
Insurance	81,900		81,900	56,609	25,291
General Supplies	43,600	18,528	62,128	55,424	6,704
Energy (Heat and Electricity)	337,050	583	337,633	230,959	106,674
Other Objects	11,960	432	12,392	5,684	6,708
Total Other Operation and Maintenance of Plant Services	1,040,108	8,983	1,049,091	854,803	194,288
Student Transportation Services:					
Salaries for Pupil Transportation (B/T Home & School) - Regular	141,568	1,251	142,819	132,570	10,249
Salaries for Pupil Transportation (B/T Home & School) - Special Ed	15,000		15,000	11,303	3,697
Cleaning, Repair and Maintenance Services	10,000	11,100	21,100	18,898	2,202
Contracted Services - Aid In Lieu of Payment for Non-public School Students	15,000	(5,000)	10,000	5,304	4,696
Contracted Services - Transportation (B/T Home & School) - Vendors	123,246	27,752	150,998	148,100	2,898
Contracted Services - Transport (Other Than B/T Home & School) - Vendors	23,000	(1,314)	21,686	6,991	14,695
Contracted Services (B/T Home & School) - Joint Agreements	38,038		38,038	30,891	7,147
Contracted Services (Special Ed Students) - ESC & CTSA	304,304	(30,126)	274,178	191,879	82,299
Miscellaneous Purchased Services - Transportation	15,000		15,000	6,600	8,400
Supplies and Materials	20,000	(6)	19,994	18,500	1,494
Total Student Transportation Services	705,156	3,657	708,813	571,036	137,777

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

UNION BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Unallocated Benefits - Employee Benefits:					
Social Security Contribution	\$ 150,000	\$ (12,066)	\$ 137,934	\$ 127,817	\$ 10,117
Other Retirement Contributions - Regular	125,000	13,066	138,066	137,603	463
Other Retirement Contributions - ERIP	14,625		14,625	11,821	2,804
Unemployment Compensation	125,000		125,000	82,491	42,509
Workmen's Compensation	123,000	(1,000)	122,000	96,922	25,078
Health Benefits	1,698,441	38,558	1,736,999	1,363,240	373,759
Tuition Reimbursement	25,000		25,000	4,500	20,500
Other	118,588	110,314	228,902	163,494	65,408
Total Unallocated Benefits - Employee Benefits	2,379,654	148,872	2,528,526	1,987,888	540,638
On-Behalf TPAF Pension Contributions (Non-Budgeted)				335,479	(335,479)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				333,618	(333,618)
On-Behalf TPAF Post Retirement Medical Contributions (Non-Budgeted)				320,395	(320,395)
Total Contributions	-	-	-	989,492	(989,492)
Total Undistributed Expenditures	11,284,145	305,894	11,590,039	11,216,852	373,187
Total Expenditures - Current Expenses	15,368,226	503,885	15,872,111	15,046,384	825,727
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Other Purchased Prof/Tech Services	33,480	16,800	50,280	30,258	20,022
Construction Services	300,000	12,640	312,640	311,060	1,580
Total Capital Outlay	333,480	29,440	362,920	341,318	21,602
Special Schools:					
Accredited Evening/Adult High School/Post-Graduate:					
Instruction:					
Salaries of Teachers	319,176	(319,176)	-	-	-
Total Special Schools	319,176	(319,176)	-	-	-
Total Expenditures	16,020,882	214,149	16,235,031	15,387,702	847,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,798,137)	(157,140)	(1,955,277)	(117,806)	1,837,471
FUND BALANCES, JULY 1	2,599,056	-	2,599,056	2,599,056	-
FUND BALANCES, JUNE 30	\$ 800,919	\$ (157,140)	\$ 643,779	\$ 2,481,250	\$ 1,837,471
RECAPITULATION:					
Reserved For:					
Encumbrances - Current Year				\$ 8,997	
Capital Reserve Account				640,309	
Current Expense Emergencies				50,000	
Excess Surplus				340,885	
Legally Restricted - Designated for Subsequent Year's Expenditures				1,103,727	
Unreserved:					
Unreserved Fund Balance				337,332	
				2,481,250	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(785,473)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,695,777	

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

UNION BEACH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
AMERICAN RECOVERY AND REINVESTMENT ACT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES:					
Current Expenses:					
Instruction:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Grades 1-5	\$ -	\$ 191	\$ 191	\$ 191	\$ -
Grades 6-8		247	247	247	-
Total Regular Programs - Instruction	-	438	438	438	-
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		43,329	43,329	43,329	-
Total Regular Programs - Undistributed Instruction	-	43,329	43,329	43,329	-
Total Regular Programs	-	43,767	43,767	43,767	-
Special Education:					
Learning and/or Language Disabilities:					
Other Salaries for Instruction		11,229	11,229	11,229	-
Total Special Education	-	11,229	11,229	11,229	-
Other Instructional Programs:					
School-Sponsored Co-Curricular and Extra-Curricular Activities:					
Salaries		427	427	427	-
Purchased Services		10,284	10,284	8,395	1,889
Supplies and Materials		71	71		71
Total Other Instructional Programs	-	10,782	10,782	8,822	1,960
Total Instruction	-	65,778	65,778	63,818	1,960
Undistributed Expenditures:					
Other Support Services Students - Related Services:					
Salaries	-	40	40	-	40
Total Other Support Services Students - Related Services	-	40	40	-	40
Other Support Services Students - Regular Services:					
Salaries of Other Professional Staff		40	40	40	-
Total Other Support Services Students - Regular Services	-	40	40	40	-
Other Support Services Students - Special Services:					
Salaries of Other Professional Staff		2,300	2,300	2,300	-
Total Other Support Services Students - Special Services	-	2,300	2,300	2,300	-
Educational Media/Library:					
Salaries		329	329	329	-
Total Educational Media/Library	-	329	329	329	-
Student Transportation Services:					
Salaries for Pupil Transportation (B/T Home & School) - Regular		1,251	1,251	1,251	-
Total Student Transportation Services	-	1,251	1,251	1,251	-
Total Undistributed Expenditures	-	3,960	3,960	3,920	40
Total Expenditures	-	69,738	69,738	67,738	2,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(69,738)	(69,738)	(67,738)	2,000
FUND BALANCES, JULY 1	67,738	-	67,738	67,738	-
FUND BALANCES, JUNE 30	\$ 67,738	\$ (69,738)	\$ (2,000)	\$ -	\$ 2,000

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

UNION BEACH SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
State	\$ 258,943	\$ 27,723	\$ 286,666	\$ 229,592	\$ (57,074)
Federal	471,502	547,701	1,019,203	713,606	(305,597)
Total Revenues	730,445	575,424	1,305,869	943,198	(362,671)
EXPENDITURES:					
Instruction:					
Salaries		6,475	6,475		6,475
Salaries of Teachers	291,403	51,956	343,359	331,744	11,615
Other Salaries for Instruction		27,140	27,140	14,754	12,386
Purchased Prof/Tech Services		57,371	57,371	23,545	33,826
Other Purchased Services	275,726	218,572	494,298	418,968	75,330
General Supplies	83,499	80,326	163,825	103,848	59,977
Total Instruction	650,628	441,840	1,092,468	892,859	199,609
Support Services:					
Salaries		353	353		353
Personal Services - Employee Benefits	45,027	43,362	88,389	22,743	65,646
Purchased Technical Services	34,790	81,445	116,235	26,396	89,839
Other Purchased Services		4,502	4,502	1,200	3,302
Supplies and Materials		3,922	3,922		3,922
Total Support Services	79,817	133,584	213,401	50,339	163,062
Total Expenditures	730,445	575,424	1,305,869	943,198	362,671
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

UNION BEACH SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
 FISCAL YEAR ENDED JUNE 30, 2011

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 15,269,896	[C-2] \$ 943,198
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		(38,999)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	889,538	20,970
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(785,473)</u>	<u>(25,681)</u>
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] <u>\$ 15,373,961</u>	[B-2] <u>\$ 899,488</u>
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 15,387,702	[C-2] \$ 943,198
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.		<u>(38,999)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 15,387,702</u>	[B-2] <u>\$ 904,199</u>

OTHER SUPPLEMENTAL INFORMATION

**SECTION E - SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

UNION BEACH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Preschool Education Aid	NCLB Title I	I.D.E.A. Part B	I.D.E.A. Preschool	NCLB Title II Part A
REVENUE SOURCES:					
State	\$ 229,592	\$ -	\$ -	\$ -	\$ -
Federal		137,641	429,207	16,970	30,027
Total Revenues	229,592	137,641	429,207	16,970	30,027
EXPENDITURES:					
Instruction:					
Salaries of Teachers	169,880	95,932		12,770	
Other Salaries for Instruction	14,754				
Purchased Prof/Tech Services		23,545			
Other Purchased Services			414,768	4,200	
General Supplies	27,357	13,022	1,339		21,431
Total Instruction	211,991	132,499	416,107	16,970	21,431
Support Services:					
Personal Services - Employee Benefits	17,601	5,142			
Other Purchased Prof/Tech Services			11,900		8,596
Other Purchased Services			1,200		
Total Support Services	17,601	5,142	13,100	-	8,596
Total Expenditures	229,592	137,641	429,207	16,970	30,027
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

UNION BEACH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	NCLB Title II Part D	ARRA IDEA Basic	ARRA Title I	Grand Total
REVENUE SOURCES:				
State	-	-	-	\$ 229,592
Federal	8,208	88,089	3,464	713,606
Total Revenues	8,208	88,089	3,464	943,198
EXPENDITURES:				
Instruction:				
Salaries of Teachers		53,162		331,744
Other Salaries for Instruction				14,754
Purchased Prof/Tech Services				23,545
Other Purchased Services				418,968
General Supplies	8,208	29,027	3,464	103,848
Total Instruction	8,208	82,189	3,464	892,859
Support Services:				
Personal Services - Employee Benefits				22,743
Other Purchased Prof/Tech Services		5,900		26,396
Other Purchased Services				1,200
Total Support Services	-	5,900	-	50,339
Total Expenditures	8,208	88,089	3,464	943,198
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

UNION BEACH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 169,891	\$ 169,880	\$ 11
Other Salaries for Instruction	27,140	14,754	12,386
General Supplies	45,798	27,357	18,441
Total Instruction	<u>242,829</u>	<u>211,991</u>	<u>30,838</u>
Support Services:			
Personal Services - Employee Benefits	<u>42,473</u>	<u>17,601</u>	<u>24,872</u>
Total Support Services	<u>42,473</u>	<u>17,601</u>	<u>24,872</u>
Total Expenditures	<u>\$ 285,302</u>	<u>\$ 229,592</u>	<u>\$ 55,710</u>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2010-2011 Preschool Education Aid Allocation	\$ 285,302
Add: Actual ECPA/PEA Carryover (June 30, 2010)	-
Add: Budgeted Transfer from the General Fund 2010-2011	-
Total Preschool Education Aid Funds Available for 2010-2011 Budget	<u>285,302</u>
Less: 2010-2011 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(285,302)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2011	-
Add: June 30, 2011 Unexpended Preschool Education Aid	55,710
2010-2011 Carryover - Preschool Education Aid/Preschool	<u>\$ 55,710</u>
2010-2011 Preschool Education Aid Carryover Budgeted for Preschool Programs 2010-2011	<u>\$ -</u>

**SECTION G – PROPRIETARY FUND
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND
B-6.**

**SECTION H - FIDUCIARY FUNDS
DETAIL STATEMENTS**

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

Unemployment Insurance Compensation Trust Fund – This expendable trust fund is used to account for deductions from employees' salaries which are utilize to pay unemployment compensation claims as they arise.

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

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

UNION BEACH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENTS OF FIDUCIARY NET ASSETS
TRUST AND AGENCY FUNDS
JUNE 30, 2011

	Trust		Agency		Total Agency Fund
	Unemployment Compensation Insurance	Private Purpose Scholarship Funds	Student Activity	Payroll Agency	
ASSETS:					
Cash and Cash Equivalents	\$ 16,290	\$ 1,842	\$ 30,339	\$ 175,352	\$ 205,691
Interfund Accounts Receivable	3,865				
Total Assets	20,155	1,842	30,339	175,352	205,691
LIABILITIES:					
Interfund Accounts Payable			\$ -	\$ 36,479	\$ 36,479
Payable to Student Groups			30,339		30,339
Accounts Payable	6,232				
Payroll Deductions and Withholdings				138,873	138,873
Total Liabilities	6,232	-	30,339	175,352	205,691
Total Liabilities	6,232	-	30,339	175,352	205,691
NET ASSETS (DEFICIT):					
Restricted For:					
Permanent Endowment - Nonexpendable		2,000			2,000
Reserved Net Assets (Deficit)	13,923	(158)			13,765
Total Net Assets	13,923	1,842	30,339	175,352	205,691

UNION BEACH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
TRUST FUNDS
JUNE 30, 2011

	Unemployment Compensation Insurance	Private Purpose Scholarship Funds	Total
ADDITIONS:			
Interest	\$ 10	\$ 13	\$ 23
Contributions:			
Employees	10,596		10,596
Board	82,491		82,491
Total Additions	<u>93,097</u>	<u>13</u>	<u>93,110</u>
DEDUCTIONS:			
Expenditures	<u>88,723</u>	<u>286</u>	<u>89,009</u>
Total Deductions	<u>88,723</u>	<u>286</u>	<u>89,009</u>
CHANGE IN NET ASSETS	4,374	(273)	4,101
NET ASSETS - BEGINNING OF YEAR	<u>9,549</u>	<u>2,115</u>	<u>11,664</u>
NET ASSETS - END OF YEAR	<u>\$ 13,923</u>	<u>\$ 1,842</u>	<u>\$ 15,765</u>

UNION BEACH SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 JUNE 30, 2011

	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
Due to Student Groups	\$ 25,872	\$ 66,831	\$ 62,364	\$ 30,339
Total	<u>\$ 25,872</u>	<u>\$ 66,831</u>	<u>\$ 62,364</u>	<u>\$ 30,339</u>

UNION BEACH SCHOOL DISTRICT
 FIDUCIARY FUNDS
 PAYROLL AGENCY AND PAYROLL ACCOUNT FUNDS
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
LIABILITIES:				
Interfund Accounts Payable	\$ 8,611	\$ 88,204	\$ 60,336	\$ 36,479
Accrued Salaries and Benefits	-	7,167,442	7,167,442	-
Payroll Deductions and Withholding Payable	<u>147,449</u>	<u>4,252,673</u>	<u>4,261,249</u>	<u>138,873</u>
Total Liabilities	<u>\$ 156,060</u>	<u>\$ 11,508,319</u>	<u>\$ 11,489,027</u>	<u>\$ 175,352</u>

STATISTICAL SECTION (UNAUDITED)

GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the charter school's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the charter school's current levels of outstanding debt and the charter school's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the charter school's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the charter school's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The school district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.*

FINANCIAL TRENDS

UNION BEACH SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities									
Invested in capital assets, net of related debt	\$ 6,884,634	\$ 7,167,697	\$ 7,430,567	\$ 7,712,770	\$ 7,862,922	\$ 8,137,544	\$ 6,940,486	\$ 4,851,459	\$ 5,049,888
Restricted	2,118,237	2,502,604	3,507,220	2,269,740	1,797,920	1,618,784	2,876,801	2,477,841	1,887,402
Unrestricted	(1,179,646)	(1,584,780)	(1,263,522)	(437,841)	(353,131)	(287,634)	(348,626)	(416,919)	(383,295)
Total Governmental Activities Net Assets	\$ 7,823,225	\$ 8,085,521	\$ 9,674,265	\$ 9,544,669	\$ 9,307,711	\$ 9,468,694	\$ 9,468,661	\$ 6,912,381	\$ 6,553,995
Business-Type Activities									
Invested in capital assets, net of related debt	\$ 156,146	\$ 151,002	\$ 167,073	\$ 186,893	\$ 34,834	\$ 48,529	\$ 37,858	\$ 26,235	\$ 8,998
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	373,038	369,936	322,527	275,771	378,271	298,975	272,196	247,538	212,684
Total Business-Type Activities Net Assets	\$ 529,184	\$ 520,938	\$ 489,600	\$ 462,664	\$ 413,105	\$ 347,504	\$ 310,054	\$ 273,773	\$ 221,682
District-wide									
Invested in capital assets, net of related debt	\$ 7,040,780	\$ 7,318,699	\$ 7,597,640	\$ 7,899,663	\$ 7,897,756	\$ 8,186,073	\$ 6,978,344	\$ 4,877,694	\$ 5,058,886
Restricted	2,118,237	2,502,604	3,507,220	2,269,740	1,797,920	1,618,784	2,876,801	2,477,841	1,887,402
Unrestricted	(806,608)	(1,214,844)	(940,995)	(162,070)	25,140	11,341	(76,430)	(169,381)	(170,611)
Total District-wide Net Assets	\$ 8,352,409	\$ 8,606,459	\$ 10,163,865	\$ 10,007,333	\$ 9,720,816	\$ 9,816,198	\$ 9,778,715	\$ 7,186,154	\$ 6,775,677

UNION BEACH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses									
Governmental Activities:									
Instruction:									
Regular	\$ 5,594,153	\$ 5,861,585	\$ 4,926,525	\$ 5,307,569	\$ 5,368,213	\$ 5,173,628	\$ 5,226,329	\$ 5,254,717	\$ 4,697,010
Special Education	1,138,160	664,106	1,414,406	1,258,974	1,237,123	1,000,605	823,015	404,119	385,992
Other Special Education	10,949	50,953	53,942	58,191	54,253	-	-	98,412	44,697
Other Instruction	68,942	64,795	60,468	71,552	73,147	61,390	101,882	61,322	47,350
Support Services:									
Tuition	4,878,956	5,229,798	4,914,402	4,509,769	4,255,534	3,923,521	3,918,435	4,295,740	4,484,034
Student and Instruction Related Services	1,618,449	1,486,089	1,066,067	1,128,786	1,204,041	1,266,239	940,111	903,326	982,870
General and Business Administration Services	733,766	860,936	762,988	743,712	732,364	646,504	633,213	621,126	581,606
School Administrative Services	264,380	269,366	533,719	539,401	533,830	474,338	479,873	402,173	314,192
Plant Operations and Maintenance	1,221,260	1,307,281	1,298,958	1,481,013	1,402,249	1,309,417	1,132,597	1,153,152	962,195
Pupil Transportation	655,527	642,544	595,926	580,753	578,922	688,512	731,342	617,648	699,770
Capital Outlay	326,519	26,880	87,400	-	-	554,240	-	-	-
Special Schools	-	14,064	16,727	620,141	572,147	-	-	561,362	453,059
Unallocated Depreciation	-	-	-	-	-	-	-	-	31,494
Total Governmental Activities Expenses	16,511,061	16,478,397	15,731,528	16,299,861	16,011,823	15,098,394	14,534,294	14,373,097	13,684,269
Business-Type Activities:									
Food Service/Latchkey Program	360,213	347,769	336,414	331,189	329,720	347,110	325,484	290,398	280,897
Total Business-Type Activities Expenses	360,213	347,769	336,414	331,189	329,720	347,110	325,484	290,398	280,897
Total District Expenses	\$ 16,871,274	\$ 16,826,166	\$ 16,067,942	\$ 16,631,050	\$ 16,341,543	\$ 15,445,504	\$ 14,859,778	\$ 14,663,495	\$ 13,965,166
Program Revenues									
Governmental Activities:									
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,952	\$ 16,657	\$ 24,548	\$ 8,247
Operating Grants and Contributions	662,436	844,431	886,417	2,291,985	2,255,293	2,484,533	1,901,186	1,645,315	1,510,195
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	662,436	844,431	886,417	2,291,985	2,255,293	2,496,485	1,917,843	1,669,863	1,518,442
Business-Type Activities:									
Charges for Services	211,624	233,168	234,073	244,621	270,669	274,878	246,706	238,003	216,828
Operating Grants and Contributions	136,554	145,939	129,277	132,960	123,862	109,682	115,059	104,486	100,584
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	348,178	379,107	363,350	377,581	394,531	384,560	361,765	342,489	317,412
Total District Program Revenues	\$ 1,010,614	\$ 1,223,538	\$ 1,249,767	\$ 2,669,566	\$ 2,649,824	\$ 2,881,045	\$ 2,279,608	\$ 2,012,352	\$ 1,835,854
Net (Expense)/Revenue									
Governmental Activities	\$ (15,848,625)	\$ (15,633,966)	\$ (14,845,111)	\$ (14,007,876)	\$ (13,756,530)	\$ (12,601,909)	\$ (12,616,451)	\$ (12,703,234)	\$ (12,165,827)
Business-Type Activities	(12,035)	31,338	26,936	46,392	64,811	37,450	36,281	52,091	36,515
Total District-wide Net Expense	\$ (15,860,660)	\$ (15,602,628)	\$ (14,818,175)	\$ (13,961,484)	\$ (13,691,719)	\$ (12,564,459)	\$ (12,580,170)	\$ (12,651,143)	\$ (12,129,312)

UNION BEACH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property Taxes Levied For:									
General Purposes	\$ 6,280,672	\$ 6,280,672	\$ 6,280,672	\$ 6,246,176	\$ 6,153,919	\$ 5,547,653	\$ 5,712,123	\$ 5,813,331	\$ 5,233,906
Federal and State Aid Not Restricted	9,307,691	7,717,485	8,609,308	7,929,280	7,312,769	6,939,418	9,382,983	7,202,316	7,373,924
Investment Earnings	2,650	26,118	29,698	69,331	105,168	79,980	68,539	30,107	25,493
Miscellaneous Income	20,000	20,947	55,029	47	23,691	34,891	9,086	15,866	9,144
Total Governmental Activities	15,611,013	14,045,222	14,974,707	14,244,834	13,595,547	12,601,942	15,172,731	13,061,620	12,642,467
Business-Type Activities:									
Miscellaneous Income	-	-	-	3,167	790	-	-	-	-
Total Business-Type Activities	-	-	-	3,167	790	-	-	-	-
Total District-wide	\$ 15,611,013	\$ 14,045,222	\$ 14,974,707	\$ 14,248,001	\$ 13,596,337	\$ 12,601,942	\$ 15,172,731	\$ 13,061,620	\$ 12,642,467
Change in Net Assets									
Governmental Activities	\$ (237,612)	\$ (1,588,744)	\$ 129,596	\$ 236,958	\$ (160,983)	\$ 33	\$ 2,556,280	\$ 358,386	\$ 476,640
Business-Type Activities	(12,035)	31,338	26,936	49,559	65,601	37,450	36,281	52,091	36,515
Total District	\$ (249,647)	\$ (1,557,406)	\$ 156,532	\$ 286,517	\$ (95,382)	\$ 37,483	\$ 2,592,561	\$ 410,477	\$ 513,155

UNION BEACH SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund									
Reserved	\$ 2,143,918	\$ 2,522,074	\$ 3,527,967	\$ 2,384,444	\$ 1,952,208	\$ 1,459,861	\$ 1,407,452	\$ 2,495,622	\$ 1,907,922
Unreserved	(448,141)	(812,556)	(472,070)	263,454	271,394	340,721	316,217	329,397	366,566
Total General Fund	\$ 1,695,777	\$ 1,709,518	\$ 3,055,897	\$ 2,647,898	\$ 2,223,602	\$ 1,800,582	\$ 1,723,669	\$ 2,825,019	\$ 2,274,488
All Other Governmental Funds									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,396	\$ 2,000	\$ 2,000	\$ 2,000
Unreserved, Reported In:									
Special Revenue Fund	(25,681)	(20,970)	(20,747)	(24,988)	(19,870)	(19,870)	(19,870)	(19,870)	(22,689)
Capital Projects Fund	-	-	-	-	-	174,327	1,487,214	-	-
Permanent Fund	-	-	-	-	-	70	5	89	169
Total All Other Governmental Funds	\$ (25,681)	\$ (20,970)	\$ (20,747)	\$ (24,988)	\$ (19,870)	\$ 158,923	\$ 1,469,349	\$ (17,781)	\$ (20,520)

UNION BEACH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues:										
Local Sources:										
Local Tax Levy	\$ 6,280,672	\$ 6,280,672	\$ 6,280,672	\$ 6,246,176	\$ 6,153,919	\$ 5,547,653	\$ 5,712,123	\$ 5,813,331	\$ 5,233,906	\$ 4,411,196
Tuition	-	-	-	-	-	11,952	16,657	24,548	8,247	12,259
Interest In Investments	2,650	26,118	29,698	20,604	105,168	79,980	68,555	30,127	25,514	34,165
Miscellaneous	20,000	20,947	55,029	48,774	25,761	34,891	9,070	15,846	9,123	112,291
State Sources	9,259,664	6,963,500	9,373,680	9,728,190	8,933,832	8,583,500	10,573,342	8,298,865	8,321,736	8,870,841
Federal Sources	710,463	1,901,162	423,197	493,075	634,230	840,451	710,827	548,766	562,383	526,198
Total Revenues	16,273,449	15,192,399	16,162,276	16,536,819	15,852,910	15,098,427	17,090,574	14,731,483	14,160,909	13,966,950
Expenditures:										
Instruction:										
Regular	3,901,037	4,417,394	3,669,600	3,696,653	3,566,894	3,836,336	3,874,685	3,659,010	3,456,522	3,816,841
Special Education	747,895	485,569	1,033,395	824,565	801,683	693,883	567,050	294,704	293,130	223,204
Other Special Education	7,195	37,255	39,411	38,009	33,916	-	29,059	66,466	33,944	100,955
Other Instruction	50,008	51,868	47,807	54,016	52,446	47,424	46,080	46,414	39,144	38,570
Support Services:										
Tuition	4,878,956	5,229,798	4,914,402	4,509,769	4,255,534	3,923,521	3,918,435	4,295,740	4,484,034	4,598,571
Student and Instructional Related Services	1,129,222	1,119,261	820,320	819,771	843,414	1,010,112	719,549	688,489	810,804	722,780
General and Business Administration Services	546,102	528,745	559,411	542,555	511,920	491,036	480,652	465,388	462,028	447,743
School Administrative Services	176,382	199,316	392,372	355,778	336,265	332,308	341,066	285,570	240,092	297,167
Plant Operations and Maintenance	965,370	1,085,672	1,064,713	1,192,179	1,075,033	1,066,728	912,288	914,621	815,187	645,015
Pupil Transportation	571,036	585,735	538,998	514,913	505,198	636,074	680,403	572,924	665,176	689,513
Employee Benefits	2,977,380	2,771,508	2,551,760	3,025,964	3,009,809	2,468,305	2,380,580	2,139,596	1,833,000	1,235,093
Capital Outlay	341,318	26,880	117,847	100,334	216,675	1,400,300	2,336,832	327,694	151,490	703,374
Special Schools	-	-	-	443,135	397,826	425,913	418,115	421,597	393,804	396,163
Total Expenditures	16,291,901	16,539,001	15,750,036	16,117,641	15,606,613	16,331,940	16,704,794	14,178,213	13,678,355	13,914,989
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,452)	(1,346,602)	412,240	419,178	246,297	(1,233,513)	385,780	553,270	482,554	51,961
Other Financing Sources (Uses):										
Transfers In	-	-	-	-	100,182	397,390	1,768,068	-	-	17,716
Transfers Out	-	-	-	-	(100,182)	(397,390)	(1,768,068)	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	17,716
Net Change in Fund Balance	\$ (18,452)	\$ (1,346,602)	\$ 412,240	\$ 419,178	\$ 246,297	\$ (1,233,513)	\$ 385,780	\$ 553,270	\$ 482,554	\$ 69,677

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

UNION BEACH SCHOOL DISTRICT
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Rentals	Prior Year Refunds	Miscellaneous	Annual Total
2011	\$ -	\$ -	\$ 20,000	\$ 20,000
2010	-	-	20,947	20,947
2009	-	-	55,029	55,029
2008	-	-	48,774	48,774
2007	18,000	5,322	2,439	25,761
2006	5,000	5,131	24,760	34,891
2005	-	2,715	6,355	9,070
2004	-	3,164	12,682	15,846
2003	-	6,184	2,939	9,123
2002	-	13,485	153	13,638

Source: District records

REVENUE CAPACITY

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

Year Ended June 30	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2009	N/A	N/A	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2008	7,182,800	383,651,000	-	-	14,099,100	44,428,600	190,800	449,552,300	364,263	449,916,563	681,371,734	1.393
2007	7,759,300	380,763,400	-	-	14,017,100	44,428,600	190,800	447,159,200	349,498	447,508,698	641,307,897	1.385
2006	7,402,500	378,432,100	-	-	14,214,600	44,428,600	190,800	444,688,600	390,342	445,058,942	562,296,879	1.315
2005	7,986,200	373,686,200	-	-	14,195,800	44,428,600	190,800	440,487,600	493,006	440,980,606	482,152,106	1.277
2004	7,927,900	370,789,600	-	-	14,195,800	45,446,700	190,800	438,550,800	548,978	439,099,778	407,903,126	1.312
RV 2003	7,125,000	371,268,200	-	-	14,188,900	45,856,700	190,800	438,629,600	557,658	439,187,258	365,073,548	1.258
2002	4,727,850	243,021,200	-	-	9,845,100	39,808,800	-	297,402,950	483,308	297,886,258	338,074,994	1.619
2001	5,786,450	237,899,600	-	-	10,037,500	43,414,100	-	297,137,650	518,352	297,656,002	314,808,622	1.467
2000	5,574,050	237,119,200	-	-	10,230,500	43,404,100	-	296,327,850	541,409	296,869,259	292,711,612	1.421

Source: Municipal Tax Assessor

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

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

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

b Tax rates are per \$100

RV Revaluation

UNION BEACH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of assessed value)

Year Ended June 30	Union Beach School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Borough of Union Beach	Monmouth County	
2009	N/A	-	N/A	N/A	N/A	N/A
2008	1.393	-	1.393	1.118	0.398	2.909
2007	1.385	-	1.385	1.064	0.398	2.847
2006	1.315	-	1.315	0.932	0.380	2.627
2005	1.277	-	1.277	0.841	0.384	2.502
2004	1.312	-	1.312	0.789	0.354	2.455
RV 2003	1.258	-	1.258	0.785	0.331	2.374
2002	1.619	-	1.619	1.167	0.506	3.292
2001	1.467	-	1.467	1.210	0.498	3.175
2000	1.421	-	1.421	1.170	0.481	3.072

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

RV Revaluation

N/A At the time of CAFR completion, this data was not yet available

UNION BEACH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	% of Total Direct Net Assessed Value	Taxable Assessed Value	Rank	% of Total Direct Net Assessed Value
International Flavors & Fragrances	\$ 43,364,500	1	9.65%	\$ 41,385,600	1	14.00%
JCP&L	3,951,700	2	0.88%	3,269,100	2	1.10%
Individual Taxpayer #1	1,292,400	3	0.29%	1,068,000	3	0.36%
Individual Taxpayer #2	1,064,000	4	0.24%	837,700	6	0.28%
Individual Taxpayer #3	1,019,400	5	0.23%	746,400	8	0.25%
Individual Taxpayer #4	989,300	6	0.22%	596,100	9	0.20%
McDonald's	857,800	7	0.19%	750,300	7	0.25%
Individual Taxpayer #5	797,100	8	0.18%	-	-	-
Individual Taxpayer #6	749,600	9	0.17%	-	-	-
Individual Taxpayer #7	721,200	10	0.16%	-	-	-
Secretary of Veteran Affairs	-	-	-	1,007,300	4	0.34%
Bankers Trust of California	-	-	-	888,000	5	0.30%
Union Beach Car Wash	-	-	-	564,800	10	0.19%
Total	\$ 54,807,000		12.21%	\$ 51,113,300		17.27%

Source: Municipal Tax Assessor

UNION BEACH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Year Ended June 30	Taxes Levied for the Fiscal Year	Collected Within the Fiscal year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	N/A	N/A	N/A	N/A
2008	6,246,176	6,246,176	100.00%	N/A
2007	6,153,919	6,153,919	100.00%	N/A
2006	5,547,653	5,085,349	91.67%	N/A
2005	5,712,123	5,712,123	100.00%	N/A
2004	8,213,331	8,213,331	100.00%	N/A
2003	5,233,906	5,233,906	100.00%	N/A
2002	4,411,196	4,411,196	100.00%	N/A
2001	4,322,621	4,322,621	100.00%	N/A
2000	4,115,850	4,115,850	100.00%	N/A

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

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

N/A At the time of CAFR completion, this data was not yet available

DEBT CAPACITY

UNION BEACH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities				Bond		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Anticipation Notes (BANS)	Compensated Absences Payable	Capital Leases	Total District	Percentage of Personal Income ^a			
2011	\$ -	\$ -	\$ -	\$ -	\$ 731,505	\$ -	\$ 731,505	731,505	0.00%	\$ -	
2010	-	-	-	-	770,724	-	770,724	770,724	0.00%	-	
2009	-	-	-	-	791,452	-	791,452	791,452	0.00%	-	
2008	-	-	-	-	791,011	-	791,011	791,011	0.00%	-	
2007	-	-	-	-	758,943	-	758,943	758,943	0.22%	114	
2006	-	-	-	-	628,355	-	628,355	628,355	0.18%	94	
2005	-	-	-	-	664,843	-	664,843	664,843	0.21%	98	
2004	-	-	-	-	746,316	-	746,316	746,316	0.24%	110	
2003	-	-	-	-	749,861	-	749,861	749,861	0.26%	110	
2002	-	-	-	-	931,100	-	931,100	931,100	0.32%	137	

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

- a** See J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding.

UNION BEACH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^a
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ -	\$ -	\$ -	N/A	N/A
2010	-	-	-	N/A	N/A
2009	-	-	-	N/A	N/A
2008	-	-	-	N/A	N/A
2007	-	-	-	N/A	N/A
2006	-	-	-	N/A	N/A
2005	-	-	-	N/A	N/A
2004	-	-	-	N/A	N/A
2003	-	-	-	N/A	N/A
2002	-	-	-	N/A	N/A

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

a See J-6 for property tax data.

b Population data can be found in J-14.

N/A At the time of CAFR completion, this data was not yet available

UNION BEACH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Borough of Union Beach	\$ 9,376,008	100.000%	\$ 9,376,008
Monmouth County General Obligation Debt	437,944,340	0.541%	2,369,279
Subtotal, Overlapping Debt			11,745,287
Union Beach School District Direct Debt			<u>N/A</u>
Total Direct and Overlapping Debt			<u><u>11,745,785</u></u>

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

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

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

N/A At the time of CAFR completion, this data was not yet available

UNION BEACH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis	
2008	\$ 688,489,627
2007	681,371,734
2006	641,307,897
	<u>\$ 2,011,169,258</u>
Average Equalized Valuation of Taxable Property	\$ 670,389,753
Debt Limit (4% of Average Equalization Value)	26,815,590 a
Total Net Debt Applicable To Limit	-
Legal Debt Margin	<u>\$ 26,815,590</u>

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Debt Limit	\$ 26,815,590	\$ 25,014,171	\$ 22,286,821	\$ 19,174,757	\$ 16,595,265	\$ 14,696,674	\$ 13,400,384	\$ 12,454,443	\$ 11,689,469	\$ 11,262,819
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 26,815,590</u>	<u>\$ 25,014,171</u>	<u>\$ 22,286,821</u>	<u>\$ 19,174,757</u>	<u>\$ 16,595,265</u>	<u>\$ 14,696,674</u>	<u>\$ 13,400,384</u>	<u>\$ 12,454,443</u>	<u>\$ 11,689,469</u>	<u>\$ 11,262,819</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

a Limit set by NUSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

DEMOGRAPHIC AND ECONOMIC INFORMATION

UNION BEACH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year Ended December 31,	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2008	N/A	N/A	N/A	N/A
2007	6,666	342,999,030	51,455	5.10%
2006	6,706	345,057,230	51,455	5.60%
2005	6,759	322,566,516	47,724	5.50%
2004	6,809	313,663,394	46,066	6.10%
2003	6,814	292,743,068	42,962	7.30%
2002	6,814	291,768,666	42,819	7.30%
2001	6,757	293,503,809	43,437	5.00%
2000	6,668	284,363,528	42,646	4.50%
1999	6,649	256,990,499	38,651	5.50%

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

N/A At the time of CAFR completion, this data was not yet available

UNION BEACH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

Employer	2008			1999		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
International Flavors and Fragrances	1,650		N/A	N/A		N/A
Union Beach Board of Education	148		N/A	N/A		N/A
GPU	105		N/A	N/A		N/A
Borough of Union Beach	59		N/A	N/A		N/A
McDonald's	35		N/A	N/A		N/A
Piero's	25		N/A	N/A		N/A
Colony Inn	24		N/A	N/A		N/A
Jacobob's	20		N/A	N/A		N/A
Bank of America	10		N/A	N/A		N/A
Oriolo Entertainment	10		N/A	N/A		N/A
Total	<u>2,086</u>		<u>N/A</u>	<u>N/A</u>		<u>N/A</u>

Source: Borough of Union Beach Official Bond Statement

N/A At the time of CAFR completion, this data was not yet available

OPERATING INFORMATION

UNION BEACH SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Instruction:										
Regular	62	60	65	66	59	59	61	61	61	61
Special Education	23	8	12	11	13	11	22	22	22	19
Adult/Continuing Education Programs	-	-	6	6	4	4	3	3	3	3
Support Services:										
Student and Instruction Related Services	16	12	11	11	11	11	11	11	11	11
General Administration	1	1	5	5	5	5	5	5	5	5
School Administrative Services	2	5	6	6	6	6	4	4	4	4
Other Administrative Services	5	1	1	1	1	1	2	2	2	2
Plant Operations and Maintenance	10	46	24	24	18	18	18	18	19	19
Pupil Transportation	4	7	7	7	5	5	4	3	3	3
Food Service	-	-	-	-	1	1	1	2	2	2
Total	123	140	137	137	123	121	131	131	132	129

Source: District Personnel Records

N/A At the time of CAFR completion, this data was not yet available

UNION BEACH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2011	1,158	\$ 15,950,583	\$ 13,774	-27.01%	82	14.1	-	-	1158.0	1158.0	24.44%	100.00%
2010	875	16,512,121	18,871	-4.15%	82	10.7	-	-	875.0	875.0	8.61%	100.00%
2009	794	15,632,189	19,688	33.49%	82	9.7	-	-	799.7	758.0	-1.78%	94.79%
2008	1,086	16,017,307	14,749	5.61%	82	13.2	-	-	813.9	772.1	-4.02%	94.86%
2007	1,102	15,389,938	13,965	11.11%	83	13.3	-	-	846.6	798.3	-4.81%	94.29%
2006	1,188	14,931,640	12,569	6.90%	78	15.2	-	-	887.3	832.2	-2.59%	93.79%
2005	1,222	14,367,962	11,758	7.13%	80	15.3	-	-	910.3	855.4	-3.67%	93.97%
2004	1,262	13,850,519	10,975	7.99%	85	14.8	-	-	943.7	887.1	-2.49%	94.00%
2003	1,331	13,526,865	10,163	-7.31%	80	16.6	-	-	967.2	904.9	-0.35%	93.56%
2002	1,205	13,211,615	10,964	12.51%	83	14.5	-	-	970.6	905.5	-11.07%	93.29%

Sources: District records

Note: Enrollment based on annual October District count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certified staff.
- c Average daily enrollment and average daily attendance are obtained from School Register Summary (SRS).

UNION BEACH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
District Building										
<u>Elementary</u>										
Memorial School										
Square Feet	102,009	99,106	99,106	99,106	82,106	82,106	82,106	82,106	82,106	82,106
Capacity (students)	826	826	826	826	826	811	811	811	811	811
Enrollment	794	800	813	848	889	910	910	952	1,067	1,091
<u>Other</u>										
Central Administration										
Square Feet	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818	4,818

Number of Schools at June 30, 2011

Elementary = 1

Other = 1

Source: District Facilities Office

Note: Increases in square footage and capacity are the result of and additions.

Enrollment is based on the annual October District count.

N/A At the time of CAFR completion, this data was not yet available

UNION BEACH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST NINE FISCAL YEARS

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

	School Facilities Project # (s)	Memorial School	Florence Avenue	Total
2009		\$ 120,667	\$ 6,351	\$ 127,018
2008		188,314	9,163	197,477
2007		88,711	11,565	100,276
2006		147,733	6,997	154,730
2005		43,921	12,820	56,741
2004		55,477	5,434	60,911
2003		62,357	1,262	63,619
2002		3,971	484	4,455
2001		49,258	6,001	55,259
Total School Facilities		<u>\$ 760,409</u>	<u>\$ 60,077</u>	<u>\$ 820,486</u>

* 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

UNION BEACH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011

Agent of Record: Bittner & Carton Insurance
Insurance Carrier: NJ School Boards Association Insurance Group (NJSBAIG)
Policy Term: November 14, 2007-2008

	<u>Coverage</u>	<u>Deductible</u>
Middlesex County Municipal Joint Insurance Fund Risk Management Plan		
Property Package - Building and Grounds	10,157,088,555	\$ 5,000
Comprehensive General Liability	1,000,000	1,000
Umbrella Liability		
Automobile	1,000,000	1,000
Electronic Data Processing	500,000	1,000
Equipment Breakdown	100,000,000	5,000
Crime	100,000	1,000
School Leaders Errors and Omissions	1,000,000	5,000
Excess School Leaders and Omissions	1,000,000	-
Workers Compensation (7/1/07-6/30/08)	2,000,000	-
Surety Bond - Business Administrator	200,000	-
Surety Bond - Treasurer	200,000	-

Source: District Records.

SINGLE AUDIT SECTION

BARRE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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**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
Union Beach School District
County of Monmouth
Union Beach, New Jersey

We have audited the financial statements of Union Beach School District (School District), in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated August 24, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

August 24, 2011

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**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
Union Beach School District
County of Monmouth
Union Beach, New Jersey

Compliance

We have audited the compliance of the Union Beach School District (School District), in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the year ended June 30, 2011. The 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 School District's management. Our responsibility is to express an opinion on the 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 and Regulatory Compliance, 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 the 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 of the School District's compliance with those requirements.

In our opinion, the Union Beach School District (School District), in the County of Monmouth, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 School District's internal control over compliance.

A deficiency in internal control over compliance 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, 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 internal control over compliance 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 compliance that might be deficiencies, 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. The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School District's responses and, accordingly, we express no opinion on the responses.

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



Richard M. Barre
Licensed Public School Accountant
No. CS-01181
Barre & Company, CPA's

August 24, 2011

UNION BEACH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE, 30, 2011

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	To	Balance at June 30, 2010	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2011 Deferred Revenue	Due to Grantor
U.S. Department of Education														
General Fund:														
Medical Assistance Program (SEM)	93.778	N/A	\$ 1,999	7/1/10	6/30/11	\$ -	\$ -	\$ 1,999	\$ (1,999)	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Fund														
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
Title I - Carryover	84.010	NCLB5230011	161,856	9/1/10	8/31/11							(82,817)		
Title I - Carryover	84.010	NCLB5230008	108,742	9/1/08	8/31/09	(458)		54,824	(137,641)			(458)		2,283
Title I - Carryover	84.010	NCLB5230006	100,790	9/1/07	8/31/08	2,283								479
ID E.A. Part B. Basic - Carryover	84.027	IDEA523011	16,433	9/1/05	8/31/06	479								
ID E.A. Part B. Basic - Carryover	84.027	IDEA523010	310,726	9/1/10	8/31/11	(107,706)		268,756	(268,756)			(138,590)		3,402
ID E.A. Part B. Basic - Carryover	84.027	IDEA523009	299,028	9/1/08	8/31/09	(41,425)		41,425	(159,251)					
ID E.A. Part B. Basic - Carryover	84.027	IDEA523008	300,252	9/1/07	8/31/08	4,602								
ID E.A. Part B. Preschool - Carryover	84.173	IDEA523011	15,382	9/1/10	8/31/11			9,485	(1,200)			(3,285)		
ID E.A. Part B. Preschool - Carryover	84.173	IDEA523010	15,023	9/1/09	8/31/10	(10,823)		10,823	(12,770)			(4,200)		
ID E.A. Part B. Preschool - Carryover	84.173	IDEA523009	14,874	9/1/08	8/31/09	(13,178)		13,178	(4,200)					
ID E.A. Part B. Preschool - Carryover	84.173	IDEA523008	15,404	9/1/07	8/31/08	2,000								
Title II A NCLB - Carryover	84.188	NCLB523011	25,869	9/1/10	8/31/11			1,896	(5,450)			(5,450)		
Title II A NCLB - Carryover	84.188	NCLB523010	52,818	9/1/09	8/31/10	(10,313)			(24,577)			(34,890)		
Title II A NCLB - Carryover	84.188	NCLB523008	48,270	9/1/07	8/31/08	1,256								
Title II D NCLB - Carryover	84.188	NCLB523011	8,208	9/1/10	8/31/11				(8,208)			(8,208)		
Title II D NCLB - Carryover	84.188	NCLB523010	1,587	9/1/09	8/31/10	(954)						(954)		
Title II D NCLB - Carryover	84.188	NCLB523009	908	9/1/08	8/31/09	(408)						(408)		
Title II D NCLB - Carryover	84.188	NCLB523010	3,002	9/1/09	8/31/10	(2,897)						(2,897)		
Title IV - Carryover	84.186	NCLB523009	2,505	9/1/08	8/31/09	(2,229)						(2,229)		
Title IV - Carryover	84.186	NCLB523008	3,362	9/1/07	8/31/08	17								
Meth Ashworth to Realize Individual Excellence (MATRIX) - Carryover	84.186	NCLB523008	138,213	9/1/06	8/31/07	60								60
ARRA - Title I Part A	84.389	ARRA 2010	52,296	7/1/09	8/31/11	(30,709)		31,392	(3,464)			(2,781)		17
ARRA - ID E.A. Part B. Basic	84.391	ARRA 2010	265,484	7/1/09	8/31/11	(49,852)		81,152	(88,089)			(56,789)		
Total Special Revenue Fund														
U.S. Department of Agriculture														
Passed-through State Department of Education														
Enterprise Fund:														
Food Distribution Program	10.550	N/A	11,401	7/1/10	6/30/11			9,574	(3,755)				5,819	
School Breakfast Program	10.550	N/A	18,150	7/1/09	6/30/10	7,654			(7,654)					
School Breakfast Program	10.553	N/A	9,341	7/1/10	6/30/11			8,707	(9,341)			(634)		
National School Lunch Program	10.555	N/A	10,236	7/1/09	6/30/10	(748)		746	(110,123)			(7,519)		
National School Lunch Program	10.555	N/A	110,123	7/1/10	6/30/11	(9,458)		102,604	(110,123)			(7,519)		
After School Snacks Program	10.558	N/A	106,386	7/1/09	6/30/10	1,785		9,458	(2,043)			(258)		
After School Snacks Program	10.558	N/A	2,043	7/1/10	6/30/11	(174)		174						
Total Enterprise Fund														
Sub-Total Federal Financial Awards														
\$ (262,981) \$ - \$ 776,147 \$ (848,521) \$ 5,819 \$ 11,193														

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

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

State Grantor/Program Title	Grant Number	Program or Award Amount	Grant Period		Balance at June 30, 2010		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Year's Balance	Balance at June 30, 2011		MEMO		
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue/Interfund Payable		Due to Grantor	Budgetary Receivable
State Department of Education															
General Fund:															
Transportation Aid	10-495-034-5120-014	\$ 199,319	7/1/09	6/30/10	\$ (19,890)	\$ -	\$ 19,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Special Education Aid	11-485-034-5120-089	641,393	7/1/10	6/30/11	(64,763)	-	577,783	(641,393)	-	-	(63,610)	-	63,610	641,393	
Special Education Aid	11-485-034-5120-089	649,029	7/1/09	6/30/10	(789,665)	-	64,763	(7,278,680)	-	-	(721,863)	-	721,863	7,278,680	
Equalization Aid	10-495-034-5120-078	7,278,680	7/1/09	6/30/10	(789,665)	-	6,596,817	(7,278,680)	-	-	-	-	-	-	
Equalization Aid	10-495-034-5120-078	7,713,280	7/1/09	6/30/10	(14,250)	-	789,665	-	-	-	-	-	-	-	
Security Aid	10-495-034-5120-084	142,812	7/1/09	6/30/10	(34,145)	-	14,250	(40,701)	-	-	(40,701)	-	40,701	40,701	
Extraordinary Aid	11-100-034-5120-473	40,701	7/1/10	6/30/11	-	-	34,145	-	-	-	-	-	-	-	
Extraordinary Aid	10-100-034-5120-473	34,145	7/1/09	6/30/10	-	-	2,249	(2,249)	-	-	(12,060)	-	12,060	12,060	
Non-Public School Transportation Costs	11-100-034-5120-068	2,249	7/1/10	6/30/11	-	-	2,249	-	-	-	-	-	-	-	
Other State Aid	12,060	12,060	7/1/10	6/30/11	-	-	320,395	(320,395)	-	-	-	-	320,395	320,395	
On-Behalf TPAF Post-Retirement Medical Contributions	11-100-034-5095-001	320,395	7/1/10	6/30/11	-	-	335,479	(335,479)	-	-	(16,495)	-	16,495	335,479	
On-Behalf TPAF Pension Contributions	11-100-034-5095-006	335,479	7/1/10	6/30/11	-	-	317,123	(333,618)	-	-	-	-	16,495	333,618	
Reimbursed TPAF Social Security Contributions	11-100-034-5095-002	333,618	7/1/10	6/30/11	(18,651)	-	18,651	-	-	-	-	-	-	-	
Reimbursed TPAF Social Security Contributions	10-100-034-5095-002	380,323	7/1/09	6/30/10	(921,364)	-	9,031,210	(8,964,575)	-	-	(854,729)	-	854,729	8,964,575	
Total General Fund															
Special Revenue Fund:															
Early Childhood Program Aid	09-485-034-5120-025	397,390	7/1/07	6/30/08	64,373	-	-	-	-	-	64,373	-	-	-	
Targeted At-Risk Aid	09-485-034-5120-005	89,500	7/1/07	6/30/08	40,827	-	-	-	-	-	40,827	-	-	-	
Preschool Education Aid	11-485-034-5120-086	258,943	7/1/10	6/30/11	(27,742)	-	233,262	(229,592)	-	-	(25,681)	-	25,681	229,592	
Preschool Education Aid	10-495-034-5120-086	210,156	7/1/09	6/30/10	(80,919)	-	27,742	-	-	-	-	-	-	-	
Preschool Education Aid	09-485-034-5120-086	210,156	7/1/08	6/30/09	-	-	80,919	-	-	-	-	-	-	-	
Total Special Revenue Fund															
Enterprise Fund:															
State School Breakfast Program	10-100-010-3350-021	1,207	7/1/09	6/30/10	(83)	-	83	-	-	-	-	-	-	-	
State School Lunch Program	11-100-010-3350-023	3,638	7/1/10	6/30/11	(483)	-	3,371	(3,638)	-	-	(267)	-	267	3,638	
State School Lunch Program	10-100-010-3350-023	5,591	7/1/09	6/30/10	(566)	-	483	(3,638)	-	-	(267)	-	267	3,638	
Total Enterprise Fund															
Total State Financial Assistance															
					\$ (925,391)	\$ -	\$ 9,377,070	\$ (9,197,805)	\$ -	\$ -	\$ (880,677)	\$ 134,551	\$ -	\$ 880,677	\$ 9,197,805

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

**UNION BEACH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL
ASSISTANCE
JUNE 30, 2011**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments 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 one or more June state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

**UNION BEACH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL
ASSISTANCE
JUNE 30, 2011**

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$104,065 for the general fund and \$38,999 for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 1,999	\$ 9,068,640	\$ 9,070,639
Special Revenue Fund	708,464	195,735	904,199
Food Service Fund	132,916	3,638	136,554
Total Awards & Financial Assistance	<u>\$ 843,379</u>	<u>\$ 9,268,013</u>	<u>\$ 10,111,392</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Union Beach School District has the no loan balances outstanding at June 30, 2011:

NOTE 6. OTHER

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

**UNION BEACH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL
ASSISTANCE
JUNE 30, 2011**

NOTE 7. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate Federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditure of Federal Awards. The following funds by program are included in schoolwide programs in the district:

Program	Total
Title I, Part A: <i>Improving Basic Programs Operated by Local Education Agencies</i>	\$ 137,641
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	30,027
Title II, Part D: <i>Enhancing Education Through Technology</i>	<u>8,208</u>
Total	<u>\$ 175,876</u>

UNION BEACH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND 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 Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified? Yes X None
Reported

Noncompliance material to basic financial statements noted? Yes X No

Federal Awards

Internal Control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified? Yes X None
Reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.027	I.D.E.A. Part B Basic
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee? X Yes No

UNION BEACH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I – Summary of Auditor's Results (cont'd)

State Awards

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

Auditee qualified as low-risk auditee? X Yes No

Internal Control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies that are not considered to be material weaknesses? Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? Yes X No

Identification of major state programs:

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

UNION BEACH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit. See paragraphs 13.15 and 13.35.

Finding

There were no matters reported.

UNION BEACH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

***Section III – Federal Awards and State Financial Assistance
Findings and Questioned Costs***

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

FEDERAL AWARDS

Findings

There were no matters reported.

STATE AWARDS

Findings

There were no matters reported.

UNION BEACH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED
COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

STATUS OF PRIOR YEAR FINDINGS

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*, USOMB Circular A-133 (.315(a)(b)) and NJOMB's Circular 04-04.

Findings

There were no matters reported.