

SCHOOL DISTRICT

OF

BELMAR



**BELMAR BOARD OF EDUCATION
BELMAR, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

BELMAR BOARD OF EDUCATION

BELMAR, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

PREPARED BY

**BELMAR BOARD OF EDUCATION
BUSINESS ADMINISTRATOR/BOARD SECRETARY
LORETTA HILL**

BELMAR SCHOOL DISTRICT

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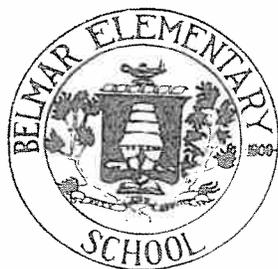
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INTRODUCTORY SECTION



BELMAR BOARD OF EDUCATION

1101 MAIN STREET, BELMAR, NEW JERSEY 07719

ROBERT MAHON
Interim Superintendent
Principal
732-681-2388

CHRISTINA CONNELLY
Assistant Principal
732-681-2388

LORETTA HILL
Business Administrator
Board Secretary
732-681-8888

November 18, 2010

Honorable President and
Members of the Board of Education
Borough of Belmar School District
County of Monmouth
Belmar, New Jersey 07719

Dear Board Members:

The comprehensive annual financial report for the Belmar Borough School District for the fiscal year ending June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rest with the management of the Belmar Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

1) REPORTING ENTITY AND ITS' SERVICES - Borough of Belmar School District is an independent reporting entity within the criteria adopted by GASB as established by NCGA Statement No.3. All funds and account groups for the district are included in this report. The Belmar Board of Education and the Belmar Elementary School constitute the district's reporting entity.

The district provides a full range of educational services appropriate to grade levels Pre-K through eight. Students in grades nine through twelve are assigned by board policy to Manasquan, Asbury Park, Red Bank Regional, Marine Academy of Science and Technology, High Tech High School, Allied Health and Science Academy, Class Academy, Communications High School and the Academy High School Charter School. The district provides a comprehensive special education program for all preschool through eighth grade students. The district also provides for the educational needs of all resident students of Lake Como in grades Pre-K through eight and in the area of special education. The district completed the 2009/10 fiscal year with an average enrollment of 559, which is 4.8% more than the previous year's average enrollment. The following details the changes in student enrollment of the district over the last ten years:

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2009/2010	559	4.8
2008/2009	533	1.9
2007/2008	523	(2.0)
2006/2007	534	(1.7)
2005/2006	543	(3.4)
2004/2005	562	1.0
2003/2004	556	(0.7)
2002/2003	562	(2.9)
2001/2002	579	(1.5)
2000/2001	588	(4.0)

2) ECONOMIC CONDITIONS AND OUTLOOK: Belmar is a seashore community that has been undergoing a transformation on the oceanfront. Longstanding business properties have been sold and are currently being redeveloped as single family homes. Many of these homes are valued at over two million dollars. This transition will further limit the availability of housing for low income families as the other properties in Belmar continue to increase in value exceeding what low income families can afford. Belmar has a shopping area made up of independent stores and restaurants. The town is in the process of starting a redevelopment of the downtown area and redeveloping the seaport area. Some older structures are being replaced with mixed business/residential use buildings. With the new homes being built on the oceanfront and the rise of real estate prices in the town, the tax base for the community has increased. There are no major industries located in Belmar, therefore, the majority of the residents work outside the community. The largest employers are the Board of Education and Municipal government.

3) MAJOR INITIATIVES: During the 2010/2011 we plan to implement our new Basic Skills Program. An additional basic skills teacher will be hired using Title 1 funding, and Supplementary Educational Services will be offered to many students needing those services. Most of our students will be provided a supplementary period to remediate skills in language arts and mathematics. The teachers will supply the BSI teachers with

data sheets that indicate what skills need remediation. We also plan to utilize an after school tutoring program for these students that will give them even more help.

During the current year we have purchased many new computers and set up computer labs in our special education classes to facilitate learning. Also, we have expanded our Reading Plus program to offer that school wide.

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 is 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 reasonably, 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 require estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital project's 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 a year end are canceled or included as reappropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2010.

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

7) FINANCIAL INFORMATION AT FISCAL YEAR END: As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2010, and the amount and percentage.

Revenue	Amount	Percent of Total	Increase/ (Decrease) from 2009
Local Sources	\$ 9,507,505	78%	\$ 301,141
State Sources	\$ 1,857,450	15%	\$ (502,038)
Federal Sources	\$ 856,020	7%	\$ 304,377
Total	\$ 12,220,975	100%	\$ 103,480.00

The following schedule presents a summary of current expenses and capital projects for the fiscal year ended June 30, 2010, and the percentage of an increase and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) from 2009
Current Expense			
Instruction	\$ 3,657,341.00	30%	\$ 264,894.00
Undistributed Exp	6,983,856.00	57%	(44,753.00)
Special Schools	5,063.00	0%	(1,037.00)
Capital Outlay	17,237.00	0%	(129,571.00)
Special Revenue	1,260,444.00	10%	108,278.00
Debt Service			
Principal	228,571.00	2%	12,224.00
Interest	167,708.00	1%	(8,923.00)
Total	\$ 12,320,220.00	100%	\$ 201,112.00

8) DEBT ADMINISTRATION: As of June 30, 2010, the district's outstanding debt was \$3,719,694. The debt is comprised of four funding sources. The original funding came from the New Jersey Economic Development Authority as a loan financed through the Low Interest Loan Facilities Program at an interest rate to the district in two categories. The first loan of \$900,000 was financed through the Small Project Loan at an interest rate of 5.288% and the second loan of \$900,000 was 1.5%. The Small Project Loan was refinanced in 2005 resulting in a savings of \$37,244. The proceeds were used to provide funds for the 17,000 square foot addition to the Belmar Elementary School and other renovations to the existing building.

During the 2009/2010 School Year there was not any additional debt issued. In July, 2003 the Board of Education retired the present value of an unfunded liability to the Teachers' Pension and Annuity fund for an early retirement incentive by issuing refunding bonds in the amount of \$540,000. The refinancing of this debt saved the district \$239,348 in interest expense. Also, bonds in the amount of \$3,370,000 were

issued in August, 2003 to fund the local share of the capital project that was passed by referendum in March, 2003 and partially funded by the State of New Jersey, Economic Development Authority. The net interest rate of the bonds is 4.35% payable over 20 years. The proceeds of the bonds along with the grant from the State of New Jersey was used to complete \$5,600,000 in renovations to the Belmar Elementary School.

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

10) RISK MANAGEMENT: The board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

11) OTHER INFORMATION: Independent Audit-State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPAs and Registered Municipal Accountants conducted the annual audit. 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 related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit report of this report.

12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Belmar Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contribute their full support to the development and maintenance of our financial operation.

Respectfully submitted,


Robert Mahon
Interim Superintendent


Loretta Hill
Board Secretary/School
Business Administrator

BELMAR BOARD OF EDUCATION**BELMAR, NEW JERSEY****ROSTER OF OFFICIALS****JUNE 30, 2010**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Cherie Adams, President	2013
Mark Walsifer, Vice-President	2011
Richard Brand	2012
Jean Folker	2013
Mark Furey	2011
Joanne Gray	2012
Rebecca Herbert	2011
Dennis Lepore	2013
Michael Schappert	2012
Joseph Oleskiewicz (Sending district representative)	2011
<u>Other Officials</u>	
Paul Shappirio, Superintendent/Principal (until 08/31/2010)	
Loretta Hill, School Business Administrator/Board Secretary	
Christina Connelly, Assistant Principal	
Eileen F. Ertle, Treasurer of School Monies	
Michael Gross, Board Attorney	

BELMAR BOARD OF EDUCATION**CONSULTANT AND OFFICIALS****JUNE 30, 2010****AUDIT FIRM**

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2807 Hurley Pond Road
P.O. Box 1409
Wall, New Jersey 07719

ATTORNEY

Michael Gross
Kenney, Gross, Kovats and Parton
130 Maple Avenue
Red Bank, N.J. 07701

OFFICIAL DEPOSITORIES

Ocean First Bank
Sovereign Bank

INSURERS

Boynton and Boynton
P.O. Box 887
Red Bank, New Jersey 07701

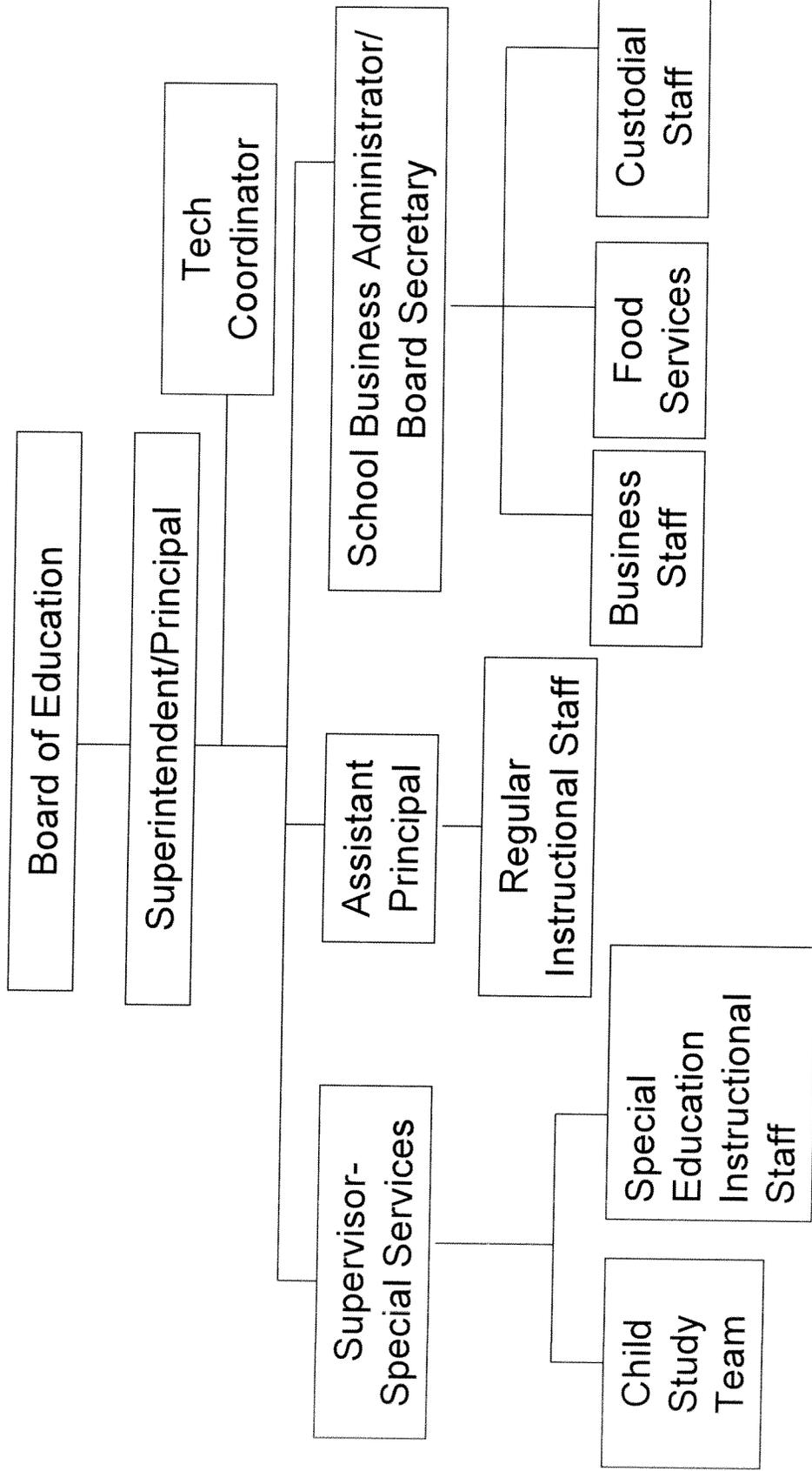
ARCHITECT

Tomaino, Tomaino, and Iamello
136 Brighton Avenue
Deal, New Jersey 07723

BELMAR BOARD OF EDUCATION

ORGANIZATIONAL CHART

(UNIT CONTROL)



adopted August 23, 2007

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Belmar School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Belmar Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2010, on our consideration of the Belmar Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 17 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

November 18, 2010

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

BELMAR PUBLIC SCHOOL DISTRICT
BOROUGH OF BELMAR
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The discussion and analysis of Belmar Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

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

Financial Highlights

Key Financial highlights for the 2009-2010 fiscal year are as follows:

- General revenues accounted for \$11,022,856 in revenue or 88% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,506,633 or 12% percent to total revenues of \$12,529,489.
- Total assets of governmental activities increased by \$237,863 as cash and cash equivalents increased by \$87,108, receivables increased by \$20,960 and capital assets decreased by \$345,931.
- The School District had \$12,622,872 in expenses; only \$1,506,633 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes, tuition and state aid) of \$11,022,856 plus designated surplus of \$225,000 were adequate to provide for these programs.
- The General Fund had \$10,626,577 in revenues and \$10,663,497 in expenditures. The General Fund's balance decreased \$36,920 over 2010. This increase 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 Belmar Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2009-2010 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2009 and 2010.

Table 1
Net Assets

Assets	2009	2010
Current and Other Assets	\$ 2,549,747	\$ 1,639,103
Capital Assets, Met	6,945,223	6,598,183
Total Assets	<u>\$ 9,494,970</u>	<u>\$ 8,237,286</u>
Liabilities		
Long-Term Liabilities	\$ 3,768,575	\$ 3,505,569
Other Liabilities	233,989	360,321
Total Liabilities	<u>\$ 4,002,564</u>	<u>\$ 3,865,890</u>
Net Assets		
Invested in Capital Assets, Net of Debt	\$ 2,986,957	\$ 2,851,648
Restricted	1,330,557	1,418,992
Unrestricted	175,892	(85,244)
Total Net Assets	<u>\$ 4,493,406</u>	<u>\$ 4,185,396</u>

Table 2 shows the changes in net assets for fiscal year 2009 and 2010.

Table 2
Changes in Net Assets

<u>Revenues</u>	<u>2009</u>	<u>2010</u>
Program Revenues		
Charges for Services	\$ 83,819	\$ 86,131
Operating Grants and Contributions	1,296,779	1,450,502
General Revenues		
Property Taxes	7,352,726	7,521,205
Grants and Entitlements	1,744,410	1,453,351
Tuition	1,834,281	1,984,333
Other	19,538	64,049
Total Revenues	<u>\$ 12,331,553</u>	<u>\$ 12,559,571</u>
<u>Program Expenses</u>		
Instruction	\$ 4,101,778	\$ 4,528,984
Support Services		
Pupils and Instructional Staff	3,594,629	3,387,263
General Administration, School		
Administration, Business Services, Unalloc.		
Benefits	2,903,103	3,139,359
Operations and Maintenance of Facilities	913,722	727,404
Pupil Transportation	407,439	435,044
Special Schools/Charter School	6,100	5,063
Interest on Debt	173,166	164,020
Food Service	208,825	235,735
Total Expenses	<u>\$ 12,308,762</u>	<u>\$ 12,622,872</u>
Increase/(Decrease) in Net Assets	\$ 22,791	\$ (63,301)

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 69% percent of revenues and tuition from other school districts made up 18% of revenues for governmental activities for the Belmar Public School District for fiscal year 2010. The District's total revenues were \$12,559,571 for the fiscal year ended June 30, 2010. Federal and state grants, as well as miscellaneous revenue accounted for 13%.

Business-Type Activities

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

- Food service revenues exceeded expenses by \$9,861 and for the third year in a row, the Board did not subsidize the food services operation. The food service program shows a \$9,861 change in net assets.
- Charges for services represent \$86,131 of revenue. This represents amounts paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$159,383.

Governmental Activities

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

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

The School District's Funds

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

As the School Board completed the fiscal year ended June 30, 2010, it reported a combined net asset balance of \$4,185,396. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

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

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

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

The General Fund finished the fiscal year with approximately \$294,664 less in expenditures than budgeted. The General Fund generated \$222,946 less in Revenues than budgeted. The deficit of expenditures over revenues caused the district to restrict spending during the latter part of the year and there was only \$11,358 in surplus for the current year and as such will be designated for the 2011-12 school year. The balance of unreserved surplus at July 1, 2010 is \$297,369.

Capital Assets

At June 30, 2010, the School Board had approximately \$6,598,183 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2009 and 2010 fiscal year.

Table II

	2009	2010
Capital Assets		
<u>Governmental Activities</u>		
Land	\$ 481,300	\$ 481,300
Construction in Progress	-	-
Buildings & Machinery and Equipment	6,936,660	6,590,735
Total Governmental Activities	<u>\$ 7,417,960</u>	<u>\$ 7,072,035</u>
<u>Business Type Activities</u>		
Machinery & Equipment	\$ 8,557.00	\$ 8,557.00
Total Capital Assets	<u>\$ 7,426,517</u>	<u>\$ 7,080,592</u>

Debt Administration

At June 30, 2010, the School District had \$3,746,535 as outstanding debt. Of this amount \$16,840 is for compensated absences, \$439,695 is for loans payable, and the balance \$3,290,000 is for bonds for school construction. On March 11, 2003 the voters of the Borough of Belmar approved the renovation to the Elementary school in the amount of \$5,616,977. The state of New Jersey is funding 40% or \$2,246,791 and Bonds were issued for the remaining \$3,370,000.

Economic Factors and Next Year's Budget

The Belmar Public School District is in very good financial condition presently. The Borough of Belmar is primarily a residential community, with few commercial ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

For the 2009-2010 school year, the School Board was able to sustain its general fund budget through the local tax levy, state education aid, federal aid, tuition and local revenue sources. Approximately 13% of the School Board's general fund revenue is from State Aid, 68% of total revenue is from the local tax levy, 18% is from tuition from other LEA's and less than 1% is from miscellaneous revenue, which among other things includes interest on deposits.

The district has net assets of \$4,185,396 for all governmental activities representing the accumulated results of all past years' operations. The unrestricted portion of the net assets is \$(85,244). This means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a deficit of \$85,244. However, the district also has \$406,159 in capital reserve monies and \$275,000 in Tuition Reserve, \$200,653 in Emergency Reserve, \$100,273 in Maintenance Reserve, \$11,358 in Reserved Surplus to be used in the 2011-12, as well as the fair market value of the capital assets.

While State aid has been essentially frozen over the last few years, the District has experienced increases in expenses such as Salaries and Benefits. The student population has remained relatively constant over the past for years. The tax levy will be the area that will need to absorb any increase in budget obligations.

The School Board anticipates that enrollment for the 2010-2011 school year will increase by 1%. The School Board cannot accurately forecast future enrollment, but most Districts in Monmouth County are facing increased enrollments.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Loretta Hill, School Business Administrator/Board Secretary at Belmar Board of Education, 1101 Main St, Belmar, NJ 07719.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

BELMAR SCHOOL DISTRICT**STATEMENT OF NET ASSETS**

Exhibit A-1

JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 215,431	30,415	245,846
Receivables, Net	190,655	12,438	203,093
Inventory		1,390	1,390
Restricted Assets:			
Cash and Cash Equivalents	681,587		681,587
Capital Reserve Account - Cash	507,187		507,187
Capital Assets, Net	6,590,735	7,448	6,598,183
Total Assets	<u>8,185,595</u>	<u>51,691</u>	<u>8,237,286</u>
<u>Liabilities</u>			
Deferred Revenue	254		254
Accounts Payable	106,556	12,545	119,101
Noncurrent Liabilities:			
Due Within One Year	240,966		240,966
Due Beyond One Year	3,505,569		3,505,569
Total Liabilities	<u>3,853,345</u>	<u>12,545</u>	<u>3,865,890</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	2,844,200	7,448	2,851,648
Restricted For:			
Special Revenue	95,691		95,691
Other Purposes	1,323,301		1,323,301
Unrestricted	<u>(116,942)</u>	<u>31,698</u>	<u>(85,244)</u>
Total Net Assets	<u>\$ 4,146,250</u>	<u>39,146</u>	<u>4,185,396</u>

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

BELMAR SCHOOL DISTRICT
STATEMENT OF ACTIVITIES

Exhibit A-2
Sheet 1 of 2

FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 2,786,212			(2,786,212)		(2,786,212)
Special Education	1,464,121		1,261,119	(203,002)		(203,002)
Other Special Instruction	77,139			(77,139)		(77,139)
Other Instruction	201,512			(201,512)		(201,512)
Support Services:						
Tuition	2,596,165			(2,596,165)		(2,596,165)
Student & Instruction Related Services	791,098			(791,098)		(791,098)
School Administrative Services	328,678			(328,678)		(328,678)
General and Business Administrative Services	410,033			(410,033)		(410,033)
Plant Operations and Maintenance	727,404			(727,404)		(727,404)
Pupil Transportation	435,044			(435,044)		(435,044)
Unallocated Employee Benefits	2,054,717			(2,054,717)		(2,054,717)
Unallocated Depreciation	345,931			(345,931)		(345,931)
Interest on Long-Term Debt	164,020			(164,020)		(164,020)
Special Schools	5,063			(5,063)		(5,063)
Total Government Activities	12,387,137	-	1,261,119	(11,126,018)	-	(11,126,018)
Business-Type Activities:						
Food Service	235,735	86,131	159,383		9,779	9,779
Total Business-Type Activities	235,735	86,131	159,383	-	9,779	9,779
Total Primary Government	12,622,872	86,131	1,420,502	(11,126,018)	9,779	(11,116,239)

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

BELMAR SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purpose, Net			7,124,926		7,124,926
Taxes Levied for Debt Service			396,279		396,279
Federal and State Aid Not Restricted			1,453,351		1,453,351
Tuition Received			1,984,333		1,984,333
Investment Earnings and Miscellaneous Income			63,967	82	64,049
Total General Revenues, Special Items, Extraordinary Items and Transfers			11,022,856	82	11,022,938
Change in Net Assets			(103,162)	9,861	(93,301)
Adjustment for Fixed Assets and Debt			(214,403)	(306)	(214,709)
Net Assets - Beginning			4,463,815	29,591	4,493,406
Net Assets - Ending	\$ -		4,146,250	39,146	4,185,396

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 696,092		696,092
Interfund Receivable	28,951		28,951
Restricted Cash and Cash Equivalents	708,113		708,113
Receivables, Net	<u>65,759</u>	<u>124,896</u>	<u>190,655</u>
Total Assets	<u>\$ 1,498,915</u>	<u>124,896</u>	<u>1,623,811</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ -	254	254
Interfund Payable		28,951	28,951
Deferred Revenue		<u>106,556</u>	<u>106,556</u>
Total Liabilities	<u>-</u>	<u>135,761</u>	<u>135,761</u>
Fund Balance:			
Reserved for:			
Designated for Subsequent			
Years Expenditures - Excess Surplus	182,211		182,211
Designated for Subsequent			
Years Expenditures - Capital Reserve Budgeted Withdrawal	111,000		
Designated for Subsequent			
Years Expenditures - Tuition Reserve Budgeted Withdrawal	75,000		
Excess Surplus	11,358		11,358
Encumbrances	21,619		21,619
Tuition Reserve:			
2009-2010	225,000		225,000
Maintenance Reserve	100,273		100,273
Emergency Reserve	200,653		200,653
Capital Reserve Account	396,187		396,187
Unreserved, Reported In:			
Special Revenue Fund		(10,865)	(10,865)
General Fund	<u>175,614</u>		<u>175,614</u>
Total Fund Balances	<u>1,498,915</u>	<u>(10,865)</u>	<u>1,302,050</u>
Total Liabilities and Fund Balance	<u>\$ 1,498,915</u>	<u>124,896</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,457,971 and the accumulated depreciation is \$4,867,236.

6,590,735

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

(3,746,535)

Net assets of governmental activities

\$ 4,146,250

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

BELMAR SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Local Sources:				
Local Tax Levy	\$ 7,124,926		396,279	7,521,205
Tuition Charges	1,984,333			1,984,333
Interest on Investments	4,842			4,842
Miscellaneous	59,125	1,000		60,125
Total Local Sources	<u>9,173,226</u>	<u>1,000</u>	<u>396,279</u>	<u>9,570,505</u>
State Sources	1,439,251	418,199		1,857,450
Federal Sources	14,100	841,920		856,020
Total Revenues	<u>10,626,577</u>	<u>1,261,119</u>	<u>396,279</u>	<u>12,283,975</u>
<u>Expenditures</u>				
Current:				
Regular Instruction	2,808,252			2,808,252
Special Education Instruction	570,438	893,683		1,464,121
Other Special Instruction	77,139			77,139
Other Instruction	201,512			201,512
Support Services and Undistributed Costs:				
Tuition	2,596,165			2,596,165
Student and Instruction Related Services	579,418	211,680		791,098
School Administrative Services	328,678			328,678
Other Administrative Services	410,033			410,033
Plant Operations and Maintenance	727,404			727,404
Pupil Transportation	435,044			435,044
Unallocated Benefits	1,907,114	147,603		2,054,717
Debt Service:				
Principal			228,571	228,571
Interest and Other Charges			167,708	167,708
Special Schools	5,063			5,063
Capital Outlay	17,237	7,478		24,715
Total Expenditures	<u>10,663,497</u>	<u>1,260,444</u>	<u>396,279</u>	<u>12,320,220</u>

BELMAR SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(36,920)</u>	<u>675</u>	<u>-</u>	<u>(36,245)</u>
Net Change in Fund Balances	(36,920)	675	-	(36,245)
Fund Balance - July 1	<u>1,535,835</u>	<u>(11,540)</u>		<u>1,524,295</u>
Fund Balance - June 30	<u>\$ 1,498,915</u>	<u>(10,865)</u>	<u>-</u>	<u>1,488,050</u>

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

BELMAR SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Exhibit B-3TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$	(36,245)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:			
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.			
Depreciation Expense	(345,931)		
Capital Outlays	<u>24,715</u>		
			(321,216)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.			228,571
Compensated Absences and Other Liabilities			22,040
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.			<u>3,688</u>
Change in Net Assets of Governmental Activities		\$	<u><u>(103,162)</u></u>

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

BELMAR SCHOOL DISTRICT

STATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 30,415
Accounts Receivable:	
State	564
Federal	11,874
Inventories	1,390
Total Current Assets	<u>44,243</u>
Noncurrent Assets:	
Equipment	30,583
Less: Accumulated Depreciation	<u>(23,135)</u>
Total Noncurrent Assets	<u>7,448</u>
Total Assets	<u>\$ 51,691</u>
 <u>Liabilities</u>	
Accounts Payables	<u>\$ 12,545</u>
Total Liabilities	<u>\$ 12,545</u>
 <u>Net Assets</u>	
Investment in Capital Assets	\$ 7,448
Unrestricted	<u>31,698</u>
Total Net Assets	<u>\$ 39,146</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

Exhibit B-5

IN FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 84,646
Daily Sales Non-Reimbursable Programs	1,485
Total Operating Revenue	<u>86,131</u>
 Operating Expenses:	
Cost of Food	104,661
Salaries	83,828
Management Fee	9,000
Insurance	7,939
Cost of Supplies	8,233
Depreciation	803
Audit	1,000
Repairs	981
Miscellaneous	19,290
Total Operating Expenses	<u>235,735</u>
 Operating (Loss)/Profit	(149,604)
 Non-Operating Revenues:	
State Sources:	
State School Lunch Program	5,421
State Breakfast Program	1,193
Federal Sources:	
National School Lunch Program	122,321
Federal Breakfast Program	17,178
Food Distribution Program	13,270
Interest Revenue	82
Total Non-Operating Revenues	<u>159,465</u>
 Change in Net Assets	9,861
 Adjustment for Net Assets	(306)
 Net Assets, July 1	<u>29,591</u>
 Net Assets, June 30	<u>\$ 39,146</u>

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

BELMAR SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2010

Exhibit B-6

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 86,131
Payments to Employees	(83,828)
Payments to Suppliers	(129,055)
Net Cash Used by Operating Activities	<u>(126,752)</u>
 Cash Flows from Noncapital Financing Activities:	
State Sources	6,614
Federal Sources	139,499
Net Cash Provided by Noncapital Financing Activities	<u>146,113</u>
 Cash Flows from Investing Activities:	
Interest	<u>82</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents	19,443
 Cash and Cash Equivalents July 1	<u>10,972</u>
 Cash and Cash Equivalents June 30	<u>\$ 30,415</u>
 Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (149,604)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	803
Federal Commodities Consumed	13,270
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(4,810)
Increase/(Decrease) in Accounts Payable	12,545
(Increase)/Decrease in Inventory	<u>1,044</u>
Net Cash Used by Operating Activities	<u>\$ (126,752)</u>

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

BELMAR SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET ASSETS****Exhibit B-7****FIDUCIARY FUNDS****JUNE 30, 2010**

	Scholarship Fund	Unemployment Compensation Trust
	<u> </u>	<u> </u>
Assets:		
Cash and Cash Equivalents	\$ 800	180,887
	<u> </u>	<u> </u>
Total Assets	<u>\$ 800</u>	<u>180,887</u>
Net Assets:		
Held in Trust for Unemployment Claims and Other Purposes	\$ 800	180,887
	<u> </u>	<u> </u>
Total Net Assets	<u>\$ 800</u>	<u>180,887</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Exhibit B-8

FIDUCIARY FUNDS

JUNE 30, 2010

	<u>Scholarship Fund</u>	<u>Unemployment Compensation Trust</u>
<u>Additions</u>		
Contributions		
Other	\$ 200	7,613
Total Contributions	<u>200</u>	<u>7,613</u>
Investment Earnings:		
Interest	-	512
Net Investments Earnings	<u>-</u>	<u>512</u>
Total Additions	<u>200</u>	<u>8,125</u>
<u>Deductions</u>		
Unemployment Claims	-	54,234
Total Deductions	<u>-</u>	<u>54,234</u>
Change in Net Assets	200	(46,109)
Net Assets - Beginning of Year	<u>600</u>	<u>226,996</u>
Net Assets - End of the Year	<u>\$ 800</u>	<u>180,887</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
BELMAR SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Belmar School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Belmar School District had an approximate enrollment at June 30, 2010 of 560 students.

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

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

B. Government-Wide Financial Statements

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

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

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

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

Stoner Scholarship Fund

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

E. Basis of Accounting:

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2010 were insignificant.

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

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

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

Notes to Required Supplementary Information
Budgetary Comparison Schedule

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 10,673,441	1,367,000
Difference – budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(106,556)

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Short-Term Interfund Receivables/Payables:

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

I. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

J. Capital Assets and Depreciation

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

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation during 2003-2004. Accumulated depreciation for fiscal year 2010, fiscal year 2010 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

Capital asset activity for the year ended June 30, 2010 was as follows:

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

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Adj.</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>
Governmental Activities:					
Capital Assets that are					
Not Being Depreciated:					
Land	\$ 481,300	_____	_____	_____	481,300
Total Capital Assets Not					
Being Depreciated	481,300	_____	_____	_____	481,300
Site Improvements and					
Buildings	10,635,167				10,635,167
Machinery and					
Equipment	313,946	27,558	_____	_____	341,504
Totals	10,949,113	27,558	_____	_____	10,976,671
Less: Accumulated					
Depreciation for:					
Sites and Buildings	4,381,800	328,598			4,710,398
Equipment	111,947	27,802	17,089		156,838
Total Accumulated					
Depreciation	4,493,747	356,400	17,089		4,867,236
Net Depreciable Assets	6,455,366	(328,842)	(17,089)		6,109,435
Governmental Activities					
Capital Assets, Net	\$ 6,936,666	(328,842)	(17,089)		6,590,735
Business-Type Activities:					
Equipment	\$ 32,283	1,650	(1,065)	2,285	30,583
Less: Accumulated					
Depreciation for:					
Equipment	23,726	803		1,394	23,135
Business-Type Activities					
Capital Assets, Net	\$ 8,557	847	(1,065)	891	7,448

NOTE 1: Summary of Significant Accounting Policies (Continued)

K. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

L. Compensated Absences

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

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

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

M. Deferred Revenue

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

N. Long-Term Obligations

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

O. Fund Equity

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

NOTE 1: Summary of Significant Accounting Policies (Continued)**P. 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.

Q. Tuition Payable

Tuition charges for the fiscal year 2009-2010 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. The District has elected to reserve \$225,000.00 for future tuition adjustment liabilities, which is within the 10% ceiling allowed by the Department of Education, State of New Jersey.

2008-2009 School Year	\$ 75,000
2009-2010 School Year	<u>225,000</u>
Balance June 30, 2010	300,000
To be Utilized in 2010-2011	<u>75,000</u>
Available for Future Years	<u>\$ 225,000</u>

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

NOTE 2: Cash and Cash Equivalents and Investments**Investments**

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

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

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

As of June 30, 2010, the District's deposits and investments are summarized as follows:

FDIC	\$ 100,800
GUPDA	<u>2,446,380</u>
	<u>\$ 2,547,180</u>

As of June 30, 2010, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash
	<u>Equivalents</u>
Interest Bearing Checking Accounts	<u>\$ 1,643,591</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2010 was \$1,643,591 and the bank balance was \$2,547,180. Of the bank balance \$100,800 was covered by federal depository insurance and \$2,446,380 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>	<u>Long-Term</u> <u>Portion</u>
Compensated Absences Payable	\$ 38,880		(22,040)	16,840		16,840
Loans Payable	543,266		(103,571)	439,695	105,966	333,729
Bonds Payable	<u>3,415,000</u>	<u>—</u>	<u>(125,000)</u>	<u>3,290,000</u>	<u>135,000</u>	<u>3,155,000</u>
	<u>\$ 3,997,146</u>	<u>—</u>	<u>(250,611)</u>	<u>3,746,535</u>	<u>240,966</u>	<u>3,505,569</u>

A. Loans Payable

The Board has two loan program, a low-interest facilities program loan issued on August 18, 1993, and a small project program loan, also issued on August 18, 1993. The interest rates are 1.500% and 5.288%, respectively, and both loans are payable through July 13, 2013. These loans were issued by the New Jersey Economic Development Authority.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010-2011	\$ 105,966	14,169	120,135
2011-2012	108,486	10,294	118,780
2012-2013	111,197	6,279	117,476
2013-2014	<u>114,045</u>	<u>2,118</u>	<u>116,163</u>
	<u>\$ 439,694</u>	<u>32,860</u>	<u>472,554</u>

B. Bonds Authorized But Not Issued

As of June 30, 2010, the Board had no authorized but not issued bonds.

C. Capital Leases Payable:

There were no capital leases payable at June 30, 2010.

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 135,000	144,013	279,013
2012	140,000	137,921	277,921
2013	150,000	131,491	281,491
2014	155,000	124,723	279,723
2015	285,000	115,009	400,009
2016-2020	1,490,000	377,156	1,867,156
2021-2023	<u>935,000</u>	<u>65,793</u>	<u>1,000,793</u>
	<u>\$ 3,290,000</u>	<u>1,096,106</u>	<u>4,386,106</u>

Bonds issued 7/8/03 for \$540,000 at interest from 5.00% to 5.50% maturing 10/1/2017 with a balance of \$335,000 at June 30, 2010.

Bonds issued 8/1/03 for \$3,370,000 at interest from 4.15% to 4.625% maturing 8/1/2022 with a balance of \$2,955,000 at June 30, 2010.

NOTE 4: Pension Plans

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

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

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

NOTE 4: Pension Plans (Continued)

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

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

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

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5 ½% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$ None	100%	\$ 0
6/30/09	None	100%	0
6/30/08	None	100%	0

NOTE 4: Pension Plans (Continued)**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
6/30/10	\$ 254,190	100%	0
6/30/09	236,556	100%	0
6/30/08	553,909	100%	0

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$254,190 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$293,441 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

NOTE 6: Contingent Liabilities

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

NOTE 7: Equity Balance

At June 30, 2010, the General Fund equity balance was as follows:

Excess Surplus – Current Year	\$ 11,358
Emergency Reserve	200,653
Maintenance Reserve	100,273
Capital Reserve	396,187
Reserved for Encumbrances	21,619
Reserve for Tuition 2009-2010	225,000
Designated for Subsequent Year’s Expenditures – Excess Surplus	182,211
Designated for Subsequent Year’s Expenditures – Capital Reserve Budgeted Withdrawal	111,000
Designated for Subsequent Year’s Expenditures – Tuition Reserve 2008-2009 Budgeted Withdrawal	75,000
Unreserved/Undesignated Fund Balance	<u>297,369</u>
	<u>\$ 1,620,670</u>

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2010-2011 budget and expended therefrom.

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

2% Calculation of Excess Surplus

2009-10 Total General Fund Expenditures Per the CAFR	\$ 10,663,497
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>(547,631)</u>
Adjusted 09-10 General Fund Expenditures	\$ 10,115,866
2% of Adjusted 2009-10 General Fund Expenditures	<u>\$ 202,317</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustment	<u>47,369</u>
Maximum Unreserved/Undesignated Fund Balance	\$ 297,369

Section 2

Total General Fund – Fund Balance @ 6-30-10	\$ 1,620,670
Decreased by:	
Reserved for Encumbrances	(21,619)
Other Reserves	(922,113)
Designated for Subsequent Years Expenditures/Budgeted Withdrawals	<u>(368,211)</u>
Total Unreserved/Undesignated Fund Balance	\$ 308,727
Reserved Fund Balance – Excess Surplus	\$ 11,358

NOTE 7: Equity Balance (Continued)**Section 3**

Reserved Fund Balance - Excess Surplus – Designated for Subsequent Year’s Expenditures	\$ 182,211
Reserved Fund Balance - Excess Surplus	<u>11,358</u>
Total	<u>\$ 193,569</u>

Detail of Allowable Adjustment

Extraordinary Aid	<u>\$ 47,369</u>
-------------------	------------------

Detail of Other Reserved Fund Balance

Tuition Reserve	\$ 225,000
Maintenance Reserve	100,273
Emergency Reserve	200,653
Capital Reserve	<u>396,187</u>
Total Other Reserved Fund Balance	<u>\$ 922,113</u>

Detail of Designated for Subsequent Years Expenditures

Designated for Subsequent Years Expenditures – Excess Surplus	\$ 182,211
Designated for Subsequent Years Expenditures – Capital Reserve – Budgeted Withdrawal	111,000
Designated for Subsequent Years Expenditures – Tuition Reserve – Budgeted Withdrawal	<u>75,000</u>
Total	<u>\$ 368,211</u>

NOTE 8: Risk Management

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2007-2008	\$ 7,432	6,924	9,258	246,342
2008-2009	1,971	7,326	28,598	226,996
2009-2010	0	8,125	54,234	180,887

NOTE 9: Interfund Receivables and Payables

The following Interfunds were on the books as of June 30, 2010:

	<u>From</u>	<u>To</u>
General Fund	\$	28,951
Special Revenue Fund	28,951	

NOTE 10: Capital Reserve Account

A Capital Reserve account was established by the Borough of Belmar Board of Education by inclusion of \$100 on September 1, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Fund placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

During the fiscal year ended June 30, 2010, the District had actual interest earnings of \$1,028.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance July 1, 2009	\$ 406,159
Transfer by Resolution	100,000
Interest Earnings	<u>1,028</u>
Ending Balance June 30, 2010	507,187
Less: Appropriated in 2010-2011 Budget	<u>(111,000)</u>
	<u>\$ 396,187</u>

"A board of education may, by resolution of the board: transfer undesignated general fund balance or excess undesignated general fund balance to the capital reserve account at any time during the budget year; transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects as contained in the district's long-range facilities plan; and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects which are included in the district's long-range facilities plan." (N.J.S.A. 18A:7G-31c)

NOTE 10: Capital Reserve Account (Continued)

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district's LRF and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f)1).

"Any capital reserve account in existence as of July 18, 2000 shall be subject to EFCFA and these regulations." (N.J.A.C. 6:23A-5.1(j)).

NOTE 11: Fair Values of Financial Instruments

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

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

NOTE 12: Fund Balance Appropriated

General Fund – Of the \$1,620,670 General Fund fund balance at June 30, 2010, \$21,619 is reserve for encumbrances; \$100,273 is reserved for maintenance; \$200,653 is emergency reserve; \$225,000 is tuition reserve for 2009-2010 in accordance with N.J.A.C. 6A:23-3.1 (f)(8); \$396,187 is capital reserve; \$182,211 is reserved excess surplus appropriated and included as anticipated revenue for the year ending June 30, 2011; \$11,358 is current year reserved excess surplus; \$111,000 is capital reserve budgeted for withdrawal in 2010-2011; \$75,000 is tuition reserve for 2008-2009 budgeted for withdrawal in 2010-2011; and \$297,369 is unreserved and undesignated at June 30, 2010.

NOTE 13: Economic Dependency

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

NOTE 14: Deficit Fund Balances

The District has a deficit fund balance of \$10,864 in the Special Revenue Fund as of June 30, 2010 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 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 year budget. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement 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 last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

NOTE 14: Deficit Fund Balances (Continued)

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 payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need or corrective action. The District deficit in the GAAP fund statements of \$10,864 is equal to the last state aid payment.

NOTE 15: RECENT ACCOUNTING PRONOUNCEMENTS

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

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2010 through November 18, 2010.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 7,124,926		7,124,926	7,124,926	-
Tuition	1,898,640		1,898,640	1,984,333	85,693
Interest Earned on Investments	700		700	4,842	4,142
Miscellaneous	45,000		45,000	59,125	14,125
Total Local Sources	<u>9,069,266</u>	<u>-</u>	<u>9,069,266</u>	<u>9,173,226</u>	<u>103,960</u>
State Sources:					
Categorical Special Education Aid	274,883		274,883	274,883	-
Categorical Transportation Aid	115,935		115,935	75,358	(40,577)
Extraordinary Aid	49,558		49,558	47,369	(2,189)
Categorical Security Aid	120,600		120,600	78,390	(42,210)
Adjustment aid	711,514		711,514	462,484	(249,030)
TPAF Pension (On Behalf-Non-Budgeted)			-	254,190	254,190
TPAF Social Security (Reimbursed - Non-Budgeted)			-	293,441	293,441
Total State Sources	<u>1,272,490</u>	<u>-</u>	<u>1,272,490</u>	<u>1,486,115</u>	<u>213,625</u>
Federal Sources:					
Medical Assistance Program	7,000		7,000	14,100	7,100
Total Revenues	<u>10,348,756</u>	<u>-</u>	<u>10,348,756</u>	<u>10,673,441</u>	<u>324,685</u>

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Pre-School/Kindergarten - Salaries of Teachers	307,794	83,320	391,114	390,692	422
Grades 1-5 - Salaries of Teachers	1,284,990	7,100	1,292,090	1,284,153	7,937
Grades 6-8 - Salaries of Teachers	630,598	60,641	691,239	677,531	13,708
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	45,000	(35,393)	9,607	8,918	689
Purchased Technical Services	2,500		2,500		2,500
General Supplies	146,400	(23,931)	122,469	116,346	6,123
Textbooks	12,000	202,077	214,077	199,690	14,387
Other Objects	69,000	53,429	122,429	119,259	3,170
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	8,000	13,000	11,273	1,727
Purchased Professional Educational Services		2,000	2,000	391	1,609
Total Regular Programs - Instruction	<u>2,503,282</u>	<u>357,243</u>	<u>2,860,525</u>	<u>2,808,253</u>	<u>52,272</u>
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	97,700	7,800	105,500	104,600	900
Other Salaries for Instruction	34,662	(34,662)	-	-	-
General Supplies	700		700	555	145
Total Learning and/or Language Disabilities	<u>133,062</u>	<u>(26,862)</u>	<u>106,200</u>	<u>105,155</u>	<u>1,045</u>
Behavioral Disabilities:					
Salaries of Teachers		47,500	47,500	47,500	-

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 3 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Resource Room/Resource Center:					
Salaries of Teachers	463,600	(44,499)	419,101	414,682	4,419
Other Salaries for Instruction	17,308		17,308	17,308	-
Purchased Professional Educational Services		1,290	1,290	1,290	-
General Supplies	2,800		2,800	1,811	989
Total Resource Room/Resource Center	<u>483,708</u>	<u>(43,209)</u>	<u>440,499</u>	<u>417,783</u>	<u>22,716</u>
Pre-School Disabilities - Full Time					
Salaries of Teachers	76,600	(76,600)	-	-	-
Other Salaries for Instruction	14,808	(14,808)	-	-	-
General Supplies	2,000	(2,000)	-	-	-
Total Pre-School Handicapped	<u>93,408</u>	<u>(93,408)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Education - Instruction	<u>710,178</u>	<u>(115,979)</u>	<u>594,199</u>	<u>570,438</u>	<u>23,761</u>
Bilingual Education					
Salaries of Teachers	106,000	(29,899)	76,101	76,000	101
General Supplies	700	830	1,530	1,139	391
Total Basic Skills/Remedial - Instruction	<u>106,700</u>	<u>(29,069)</u>	<u>77,631</u>	<u>77,139</u>	<u>492</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	36,750		36,750	35,874	876
Other Objects	6,500	(500)	6,000	109	5,891
Total School Sponsored Co-Curricular Activities - Instruction	<u>43,250</u>	<u>(500)</u>	<u>42,750</u>	<u>35,983</u>	<u>6,767</u>

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
School Sponsored Athletics - Instruction:					
Salaries	40,595		40,595	38,425	2,170
Other Objects	1,700	500	2,200	2,200	-
Transfer to Cover Deficit	5,000		5,000	5,000	-
Supplies and Materials	16,630	1,060	17,690	8,833	8,857
Total School Sponsored Athletics - Instruction	<u>63,925</u>	<u>1,560</u>	<u>65,485</u>	<u>54,458</u>	<u>11,027</u>
Other Supplemental /At-Risk Programs - Instruction:					
Salaries of Teacher Tutors	77,000	(43,641)	33,359	33,280	79
Salaries of Reading Specialists	73,000	4,800	77,800	77,791	9
Total Other Supplemental /At-Risk Programs - Instruction	<u>150,000</u>	<u>(38,841)</u>	<u>111,159</u>	<u>111,071</u>	<u>88</u>
Total Instruction	<u>3,577,335</u>	<u>174,414</u>	<u>3,751,749</u>	<u>3,657,342</u>	<u>94,407</u>
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs in State - Regular	1,729,844	(79,500)	1,650,344	1,647,637	2,707
Tuition to Other LEAs in State - Special	321,505	(78,000)	243,505	236,941	6,564
Tuition to County Vocational School:					
Regular	83,200	(14,000)	69,200	67,538	1,662
Special	51,000	(19,000)	32,000	32,000	-
Tuition to Private School for Handicapped within State	747,741	(109,257)	638,484	612,049	26,435
Total Undistributed Expenditures-Instruction	<u>2,933,290</u>	<u>(299,757)</u>	<u>2,633,533</u>	<u>2,596,165</u>	<u>37,368</u>
Undistributed Expenditures-Health:					
Salaries	73,075	(4,000)	69,075	67,775	1,300
Purchased Professional and Technical Services	2,000	4,000	6,000	5,905	95
Supplies and Materials	2,000		2,000	1,947	53
Total Undistributed Expenditures-Health:	<u>77,075</u>	<u>-</u>	<u>77,075</u>	<u>75,627</u>	<u>1,448</u>

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 5 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Other Sup. Serv.					
Students-Related Serv.:					
Salaries of Teachers	63,100	50	63,150	63,100	50
Purchased Professional Educational Services	5,200	7,852	13,052	10,956	2,096
Supplies and Materials	500		500	403	97
Total Undistributed Expenditures-Other Sup. Serv.	68,800	7,902	76,702	74,459	2,243
Students-Related Serv.					
Undistributed Expenditures-Extraordinary Sup. Serv.					
Purchased Professional Educational Services	5,000	(4,000)	1,000	890	110
Supplies and Materials	2,500		2,500		2,500
Total Undistributed Expenditures-Extraordinary Sup. Serv.	7,500	(4,000)	3,500	890	2,610
Undistributed Expenditures-Other Supp. Serv.					
Students - Reg.:					
Salaries of Other Professional Staff	76,100	(24,750)	51,350	49,125	2,225
Purchased Professional and Technical Services	3,000		3,000	2,000	1,000
Supplies and Materials	1,000		1,000	367	633
Other Objects	1,000		1,000		1,000
Total Undistributed Expenditures-Other Supp. Serv.	81,100	(24,750)	56,350	51,492	4,858

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Other Sup. Serv.					
Students-Spec. Serv.:					
Salaries of Other Professional Staff	201,538	1,700	203,238	200,566	2,672
Salaries of Secretarial and Clerical Assts.	20,333		20,333	20,139	194
Other Purchased Services	27,000	600	27,600	22,946	4,654
Supplies and Materials	8,700	(4,000)	4,700	4,103	597
Other Objects	1,000		1,000	875	125
Total Undistributed Expenditures-Other Sup. Serv.	258,571	(1,700)	256,871	248,629	8,242
Students-Spec. Serv.					
Undistributed Expenditures-Improvement of Instructional Services					
Salaries of Other Professional Staff	5,000	(4,500)	500	-	500
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	106,779	9,286	116,065	115,124	941
Purchased Professional and Technical Services	2,000		2,000	1,831	169
Supplies and Materials	5,000	221	5,221	4,582	639
Total Undistributed Expenditures - Edu. Media Serv./ School Library	113,779	9,507	123,286	121,537	1,749
Undistributed Expenditures - Instr. Staff Training Serv:					
Purchased Professional-Educational Services	6,000	(6,000)	-		-
Other Purchased Services	7,500	355	7,855	6,784	1,071
Total Undistributed Expenditures - Instructional Staff Training Serv.	13,500	(5,645)	7,855	6,784	1,071

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	148,335	200	148,535	148,319	216
Legal Services	17,000	13,240	30,240	28,748	1,492
Audit Fees	13,500		13,500	13,500	-
Other Purchased Professional Services	10,990	(4,000)	6,990	6,940	50
Communications/Telephone	34,500	(9,500)	25,000	24,899	101
Other Purchased Services BOE	5,500		5,500	2,768	2,732
Other Purchased Services (400-500)	11,100	(5,000)	6,100	4,013	2,087
Supplies and Materials	10,500	(5,000)	5,500	3,572	1,928
Miscellaneous Expenditures	22,820	(4,621)	18,199	16,140	2,059
Judgments Against School District		75,000	75,000	73,993	1,007
BOE Membership Dues and Fees	6,750		6,750	5,786	964
Total Undistributed Expenditures - Supp. Serv.	280,995	60,319	341,314	328,678	12,636
General Administration					
Undistributed Expenditures-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals	90,852		90,852	90,852	-
Salaries of Secretarial/Clerical Assistants	90,675	1,090	91,765	90,775	990
Other Purchased Services	3,000		3,000	87	2,913
Supplies and Materials	3,000	1,000	4,000	222	3,778
Other Objects	2,000		2,000	902	1,098
Total Undistributed Expend.-Supp. Serv.-School Admin.	189,527	2,090	191,617	182,838	8,779

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures-Central Services					
Salaries	204,512		204,512	201,771	2,741
Purchased Professional Services	17,500	5,000	22,500	18,713	3,787
Other Purchased Services	5,000		5,000	3,261	1,739
Supplies and Materials	4,000		4,000	2,375	1,625
Other Objects	3,500	(500)	3,000	1,075	1,925
Total Undistributed Expend.-Central Services	<u>234,512</u>	<u>4,500</u>	<u>239,012</u>	<u>227,195</u>	<u>11,817</u>
Undistributed Expenditures-Allow. Maint. School Facilities:					
Cleaning, Repair and Maintenance Services	56,600	23,800	80,400	79,708	692
Total Undistributed Expenditures-Allow. Maint. School Facilities	<u>56,600</u>	<u>23,800</u>	<u>80,400</u>	<u>79,708</u>	<u>692</u>
Undistributed Expenditures-Other Oper. & Maint. Of Plant:					
Salaries	46,587		46,587	46,447	141
Salaries of Non-Instructional Aides	10,550	3,700	14,250	13,497	753
Purchased Professional and Technical Services	24,700	(4,000)	20,700	19,676	1,024
Cleaning, Repair, and Maintenance Services	235,000		235,000	231,011	3,989
Other Purchased Property Services	10,000	6,600	16,600	14,421	2,179
Insurance	57,000	(3,500)	53,500	52,315	1,185
Misc. Purchased Services	14,100		14,100	14,100	-
General Supplies	12,000	3	12,003	11,880	123
Energy (Energy & Electricity)	200,000	46,900	246,900	244,349	2,551
Total Undistributed Expenditures-Other Oper. & Maint. of Plant	<u>609,937</u>	<u>49,703</u>	<u>659,640</u>	<u>647,696</u>	<u>11,945</u>
Total Undistributed Expenditures - Operation & Maintenance of Plant Services	<u>666,537</u>	<u>73,503</u>	<u>740,040</u>	<u>727,404</u>	<u>12,637</u>

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Student Transportation Serv:					
Contracted Services (Bet. Home and School) Vendors	27,000		27,000	13,124	13,876
Contr. Serv. (Bet. Home & Sch.)-Joint Agreement	8,000	9,000	17,000	15,022	1,978
Contr. Serv.(Sp Ed Stds)-Vendors	500		500	115	385
Contr. Serv. (Reg. Students) ESC & CTSA	175,000	(15,000)	160,000	153,866	6,134
Contr. Serv. (Sp. Ed. Stds.) ESC & CTSA	291,000	(29,000)	262,000	252,917	9,083
Contr. Serv. Aid in Lieu	2,450		2,450		2,450
Total Undistributed Expenditures - Student Transportation Serv.	<u>503,950</u>	<u>(35,000)</u>	<u>468,950</u>	<u>435,044</u>	<u>33,906</u>
Unallocated Benefits:					
Social Security Contributions	88,000	(3,500)	84,500	74,346	10,154
TPAF Contributions - ERIP	2,500		2,500		2,500
Other Retirement Contributions - Regular	58,000	(4,000)	54,000	53,292	708
Tuition Reimbursement	23,725	(5,000)	18,725	12,882	5,843
Other Employee Benefits	29,200	30,000	59,200	58,582	618
Workmen's Compensation	60,700		60,700	51,700	9,000
Health Benefits	1,289,476	(172,280)	1,117,196	1,108,681	8,515
Total Unallocated Benefits	<u>1,551,601</u>	<u>(154,780)</u>	<u>1,396,821</u>	<u>1,359,483</u>	<u>37,338</u>
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	254,190	(254,190)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	293,441	(293,441)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>547,631</u>	<u>(547,631)</u>
Total Undistributed Expenditures	<u>6,985,737</u>	<u>(372,311)</u>	<u>6,613,426</u>	<u>6,983,856</u>	<u>(370,430)</u>

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Current Expense	<u>10,563,072</u>	<u>(197,897)</u>	<u>10,365,175</u>	<u>10,641,198</u>	<u>(276,023)</u>
Capital Outlay:					
Increase in Capital Reserve	400		400		400
School Sponsored and Other Instructional Programs		7,481	7,481	7,481	-
Undistributed Expenditures:					
Instruction		9,756	9,756	9,756	-
Total Capital Outlay	<u>400</u>	<u>17,237</u>	<u>17,637</u>	<u>17,237</u>	<u>400</u>
Special Schools:					
Other Salaries for Instruction	6,100		6,100	5,063	1,037
Total Expenditures	<u>10,569,572</u>	<u>(180,660)</u>	<u>10,388,912</u>	<u>10,663,498</u>	<u>(274,586)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(220,816)	180,660	(40,156)	9,944	50,100
Fund Balance July 1	<u>1,610,726</u>		<u>1,610,726</u>	<u>1,610,726</u>	
Fund Balance June 30	<u>\$ 1,389,910</u>	<u>180,660</u>	<u>1,570,570</u>	<u>1,620,670</u>	<u>50,100</u>

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Reserve for Encumbrances				\$ 21,619	
Emergency Reserve				200,653	
Maintenance Reserve				100,273	
Capital Reserve				396,187	
Reserve for Tuition				225,000	
Designated for Subsequent Year's Expenditures - Excess Surplus				182,211	
Designated for Subsequent Year's Expenditures - Capital Reserve Budgeted Withdrawal				111,000	
Designated for Subsequent Year's Expenditures - Tuition Reserve Budgeted Withdrawal				75,000	
Excess Surplus - Current Year				11,358	
Unreserved/Undesignated Fund Balance				297,369	
				<u>1,620,670</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(121,755)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,498,915</u>	

BELMAR SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ 524,080		524,080	524,080	
Local Sources	1,000.00		1,000	1,000	
Federal Sources	841,920		841,920	841,920	-
Total Revenues	<u>\$ 1,367,000</u>	<u>-</u>	<u>1,367,000</u>	<u>1,367,000</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 229,989		229,989	229,989	
Other Salaries for Instruction	164,322		164,322	164,322	
Purchased Professional and Technical Services	381,197		381,197	381,197	
Textbooks	63,877		63,877	63,877	
General Supplies	150,954		150,954	150,954	
Other Objects	9,900		9,900	9,900	
Total Instruction	<u>1,000,239</u>	<u>-</u>	<u>1,000,239</u>	<u>1,000,239</u>	<u>-</u>
Support Services:					
Personal Services - Employee Benefits	147,603		147,603	147,603	
Contracted Services	412		412	412	
Purchased Professional and Technical Services	198,776		198,776	198,776	
General Supplies	11,129		11,129	11,129	
Other Objects	1,363		1,363	1,363	
Total Support Services	<u>359,283</u>	<u>-</u>	<u>359,283</u>	<u>359,283</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	7,478		7,478	7,478	
Total Expenditures	<u>\$ 1,367,000</u>	<u>-</u>	<u>1,367,000</u>	<u>1,367,000</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 10,673,441	1,367,000
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(106,556)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	74,891	11,540
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(121,755)</u>	<u>(10,865)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 10,626,577</u>	<u>1,261,119</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 10,663,497	1,367,000
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(106,556)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 10,663,497</u>	<u>1,260,444</u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

BELMAR SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

Exhibit E-1
Sheet 1 of 3

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Chapter 192			Chapter 193			NonPublic Textbooks	NonPublic Nursing
	Compensatory Education	Home Instruction	Transportation	Examination & Classification	Corrective Speech	Supplementary Instruction		
Revenues:								
Federal Sources	\$ -							
State Sources	158,254	701	6,894	71,121	21,431	49,778	63,805	72,580
Local Sources								
Total Revenue	\$ 158,254	701	6,894	71,121	21,431	49,778	63,805	72,580
Expenditures:								
Instruction:								
Salaries of Teachers	\$ -							
Other Salaries for Instruction								
General Supplies	158,254	701	6,894	71,121	21,431	49,778	63,805	72,580
Purchased Professional & Technical Services								
Textbooks								
Other Objects								
Total Instruction	158,254	701	6,894	71,121	21,431	49,778	63,805	72,580
Support Services:								
Personal Services - Employee Benefits								
Purchased Professional and Technical Services								
Contracted Services								
General Supplies								
Other Objects								
Total Support Services	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction Services:								
Instructional Equipment								
Total Expenditures	\$ 158,254	701	6,894	71,121	21,431	49,778	63,805	72,580

BELMAR SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

Exhibit E-1
Sheet 2 of 3

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Title I</u>	<u>Title II A</u>	<u>Title III D</u>	<u>Title III</u>	<u>Title IV</u>	<u>Title V</u>	<u>I.D.E.A. Part B Basic</u>	<u>I.D.E.A. Part B Pre-School</u>
Revenues:								
Federal Sources	198,268	50,004	1,999	10,972	4,939	72	286,868	8,271
State Sources								
Local Sources								
Total Revenue	198,268	50,004	1,999	10,972	4,939	72	286,868	8,271
Expenditures:								
Instruction:								
Salaries of Teachers	116,749	29,200		1,000				
Other Salaries for Instruction								
General Supplies	9,623	684	1,170	7,996	449		124,475	7,683
Purchased Professional & Technical Services								
Textbooks								
Other Objects						72		
Total Instruction	126,372	29,884	1,170	8,996	449	72	124,475	7,683
Support Services:								
Personal Services - Employee Benefits	53,465	14,175		76			9,522	588
Purchased Professional and Technical Services	14,073	5,945	829	1,400	2,254		151,894	
Contracted Services								
General Supplies	2,995			500	2,236		977	
Other Objects	1,363							
Total Support Services	71,896	20,120	829	1,976	4,490	-	162,393	588
Facilities Acquisition and Construction Services:								
Instructional Equipment								
Total Expenditures	198,268	50,004	1,999	10,972	4,939	72	286,868	8,271

BELMAR SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit E-1
Sheet 3 of 3

	<u>Title III Immigrant</u>	<u>ARRA Title I</u>	<u>ARRA IDEA Basic</u>	<u>ARRA IDEA Preschool</u>	<u>Preschool Education Aid</u>	<u>Garden Grant</u>	<u>Totals June 30, 2010</u>
Revenues:							
Federal Sources	7,234	70,315	193,939	9,039	79,516	1,000	841,920
State Sources							524,080
Local Sources							1,000
Total Revenue	<u>7,234</u>	<u>70,315</u>	<u>193,939</u>	<u>9,039</u>	<u>79,516</u>	<u>1,000</u>	<u>1,367,000</u>
Expenditures:							
Instruction							
Salaries of Teachers	1,600	21,351	47,609		12,480		229,989
Other Salaries for Instruction					32,164		164,322
General Supplies	3,000	31,193	86,953	9,039	847		150,954
Purchased Professional & Technical Services					438		381,197
Textbooks							63,877
Other Objects		9,900					9,900
Total Instruction	<u>4,600</u>	<u>62,444</u>	<u>134,562</u>	<u>9,039</u>	<u>45,929</u>	<u>-</u>	<u>1,000,239</u>
Support Services							
Personal Services - Employee Benefits	122	3,305	34,084		32,266		147,603
Purchased Professional and Technical Services		4,566	17,815				198,776
Contracted Services							412
General Supplies	2,512				412	1,000	11,129
Other Objects					909		
Total Support Services	<u>2,634</u>	<u>7,871</u>	<u>51,899</u>	<u>-</u>	<u>33,587</u>	<u>1,000</u>	<u>1,363</u>
Facilities Acquisition and Construction Services:							
Instructional Equipment							7,478
Total Expenditures	<u>7,234</u>	<u>70,315</u>	<u>193,939</u>	<u>9,039</u>	<u>79,516</u>	<u>1,000</u>	<u>1,367,000</u>

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

BELMAR SCHOOL DISTRICT

SCHEDULE OF NET ASSETS

Exhibit G-1

ENTERPRISE FUND

JUNE 30, 2010

	<u>Food Services</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 30,415
Accounts Receivable:	
State	564
Federal	11,874
Inventories	1,390
Total Current Assets	<u>44,243</u>
Noncurrent Assets:	
Equipment	30,583
Less: Accumulated Depreciation	<u>(23,135)</u>
Total Noncurrent Assets	<u>7,448</u>
Total Assets	<u><u>\$ 51,691</u></u>
<u>Liabilities</u>	
Accounts Payables	<u>\$ 12,545</u>
Total Liabilities	<u><u>\$ 12,545</u></u>
<u>Net Assets</u>	
Investment in Capital Assets	\$ 7,448
Unrestricted	<u>31,698</u>
Total Net Assets	<u><u>\$ 39,146</u></u>

SCHEDULE OF REVENUES, EXPENSES AND CHANGES

IN FUND NET ASSETS

ENTERPRISE FUND

JUNE 30, 2010

	<u>Food Services</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 84,646
Daily Sales Non-Reimbursable Programs	1,485
Total Operating Revenue	<u>86,131</u>
Operating Expenses:	
Cost of Food	104,661
Salaries	83,828
Management Fee	9,000
Insurance	7,939
Cost of Supplies	8,233
Depreciation	803
Audit	1,000
Repairs	981
Miscellaneous	19,290
Total Operating Expenses	<u>235,735</u>
Operating (Loss)/Profit	(149,604)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	5,421
State Breakfast Program	1,193
Federal Sources:	
National School Lunch Program	122,321
Federal Breakfast Program	17,178
Food Distribution Program	13,270
Interest Revenue	82
Total Non-Operating Revenues	<u>159,465</u>
Change in Net Assets	9,861
Adjustment for Net Assets	(306)
Net Assets, July 1	<u>29,591</u>
Net Assets, June 30	<u>\$ 39,146</u>

SCHEDULE OF CASH FLOWS

ENTERPRISE FUND

JUNE 30, 2010

	<u>Food Services</u>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 86,131
Payments to Employees	(83,828)
Payments to Suppliers	(129,055)
Net Cash Used by Operating Activities	<u>(126,752)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	6,614
Federal Sources	139,499
Net Cash Provided by Noncapital Financing Activities	<u>146,113</u>
Cash Flows from Investing Activities:	
Interest	<u>82</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	19,443
Cash and Cash Equivalents July 1	<u>10,972</u>
Cash and Cash Equivalents June 30	<u><u>\$ 30,415</u></u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (149,604)
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:	
Depreciation	803
Federal Commodities Consumed	13,270
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(4,810)
Increase/(Decrease) in Accounts Payable	12,545
(Increase)/Decrease in Inventory	<u>1,044</u>
Net Cash Used by Operating Activities	<u><u>\$ (126,752)</u></u>

FIDUCIARY FUND – H

BELMAR SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AS OF JUNE 30, 2010

	Agency		Net Salary Account	Expendable Trusts		Totals 2010
	Student Activity	Agency Account		Scholarship Fund	Unemployment Compensation	
Assets:						
Cash and Cash Equivalents	\$ 26,895	150	239	800	180,887	208,971
Total Assets	<u>\$ 26,895</u>	<u>150</u>	<u>239</u>	<u>800</u>	<u>180,887</u>	<u>208,971</u>
Liabilities and Net Assets:						
Liabilities:						
Due to Student Groups	\$ 26,895		239			26,895
Accounts Payable		150				389
Total Liabilities	<u>26,895</u>	<u>150</u>	<u>239</u>	<u>-</u>	<u>-</u>	<u>27,284</u>
Net Assets:						
Unreserved				800	180,887	181,687
Total Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>180,887</u>	<u>181,687</u>
Total Liabilities and Net Assets	<u>\$ 26,895</u>	<u>150</u>	<u>239</u>	<u>800</u>	<u>180,887</u>	<u>208,971</u>

BELMAR SCHOOL DISTRICTEXPENDABLE TRUST FUNDS

Exhibit H-2

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETSFOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Scholarships</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Totals 2010</u>
Additions:			
Local Sources:			
Contributions	\$ 200	7,613	7,813
Interest on Investments		512	512
Total Additions	<u>200</u>	<u>8,125</u>	<u>8,325</u>
Deductions:			
Unemployment Claims		54,234	54,234
Total Deductions	<u>-</u>	<u>54,234</u>	<u>54,234</u>
Change in Net Assets	200	(46,109)	(45,909)
Net Assets, July 1	<u>600</u>	<u>226,996</u>	<u>227,596</u>
Net Assets, June 30	<u>\$ 800</u>	<u>180,887</u>	<u>181,687</u>

BELMAR SCHOOL DISTRICTSTUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
Elementary School:				
Belmar Elementary	\$ 9,601	21,313	12,832	18,082
Referee Account	8,673	5,018	4,878	8,813
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Schools	<u>\$ 18,274</u>	<u>26,331</u>	<u>17,710</u>	<u>26,895</u>

BELMAR SCHOOL DISTRICTPAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Assets:				
Cash and Cash Equivalents	\$ 168	2,203,406	2,203,424	150
Total Assets	<u>\$ 168</u>	<u>2,203,406</u>	<u>2,203,424</u>	<u>150</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ -	2,203,256	2,203,256	-
Accounts Payable	168	150	168	150
Total Liabilities	<u>\$ 168</u>	<u>2,203,406</u>	<u>2,203,424</u>	<u>150</u>

LONG-TERM DEBT – I

BELMAR SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-1a

SCHEDULE OF LOANS PAYABLE

JUNE 30, 2010

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2009</u>	<u>Paid</u>	<u>Ending Balance June 30, 2010</u>
NJEDA School Facilities Loan Fund	8-18-93	\$ 900,000	7/15/09-13	\$ 47,368	1.50%	\$ 236,844	47,368	189,476
MCIA Pooled Governmental Loan Fund	8-18-93	900,000	7/15/10	\$ 58,598	5.50%	\$ 306,422	56,203	250,219
			7/15/11	61,117				
			7/15/12	63,829				
			7/15/13	66,676				

BELMAR SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 396,279		396,279	396,279	
Total Revenues	<u>396,279</u>	<u>-</u>	<u>396,279</u>	<u>396,279</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	167,708		167,708	167,708	-
Redemption of Principal	228,571		228,571	228,571	
Total Expenditures	<u>396,279</u>	<u>-</u>	<u>396,279</u>	<u>396,279</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance July 1		-			-
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATISTICAL SECTION

(Unaudited)

**Belmar Board of Education
Net Assets by Component,
Last Five Fiscal Years**
(accrual basis of accounting)

	For Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Governmental activities						
Invested in capital assets, net of related debt	\$ (1,250,300)	\$ 2,816,034	\$ 3,750,672	\$ 2,990,560	\$ 2,978,400	\$ 2,844,200
Restricted	4,802,538	4,068,554	988,106	1,235,415	1,330,557	1,418,992
Unrestricted	(189,233)	126,278	459,169	252,320	154,858	(116,942)
Total governmental activities net assets	\$ 3,363,005	\$ 7,010,866	\$ 5,197,947	\$ 4,478,295	\$ 4,463,815	\$ 4,146,250
Business-type activities						
Invested in capital assets, net of related debt	\$ 3,268	\$ 5,809	\$ 5,171	\$ 4,534	\$ 8,557	\$ 7,448
Restricted	-	-	-	-	-	-
Unrestricted	(7,139)	10,058	10,858	15,254	21,034	31,698
Total business-type activities net assets	\$ (3,871)	\$ 15,867	\$ 16,029	\$ 19,788	\$ 29,591	\$ 39,146
District-wide						
Invested in capital assets, net of related debt	\$ (1,247,032)	\$ 2,821,843	\$ 3,755,843	\$ 2,995,094	\$ 2,986,957	\$ 2,851,648
Restricted	4,802,538	4,068,554	988,106	1,235,415	1,330,557	1,418,992
Unrestricted	(196,372)	136,336	470,027	267,574	175,892	(85,244)
Total district net assets	\$ 3,359,134	\$ 7,026,733	\$ 5,213,976	\$ 4,498,083	\$ 4,493,406	\$ 4,185,396

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006.

Source: CAFR Schedule A-1

Belmar Board of Education
Changes in Net Assets, Last Five Fiscal Years
(accrual basis of accounting)

EXHIBIT J-2

	For Fiscal Year Ending June 30.					
	2005	2006	2007	2008	2009	2010
Expenses						
Governmental activities						
Instruction						
Regular	\$ 1,629,645	\$ 1,880,233	\$ 2,018,002	\$ 2,128,393	\$ 2,478,495	\$ 2,786,212
Special education	448,754	464,629	550,235	1,301,062	1,374,393	1,464,121
Other special education	755,609	694,436	691,442	149,400	159,570	77,139
Other instruction	62,260	67,964	74,993	105,542	89,320	201,512
Nonpublic school programs	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-
Support Services:						
Tuition	2,334,537	2,562,051	2,303,413	2,460,262	2,643,976	2,596,165
Student & instruction related services	962,484	976,778	1,196,579	1,016,954	950,653	791,098
School administrative services	433,067	426,757	295,838	237,748	245,302	328,678
General & Business administrative services	163,668	177,163	376,389	387,608	401,563	410,033
Plant operations and maintenance	421,882	484,320	794,047	1,059,709	913,722	727,404
Pupil transportation	407,590	411,846	452,399	466,068	407,439	435,044
Special Schools	1,152	308	1,340	2,860	6,100	5,063
Charter Schools	29,214	30,920	4,779	-	-	-
Interest on long-term debt	206,576	193,316	203,812	181,754	173,166	164,020
Unallocated Employee Benefits	1,776,317	1,831,124	1,981,175	2,156,627	1,926,432	2,054,717
Unallocated depreciation	-	-	15,387	369,257	329,806	345,931
Total governmental activities expenses	9,632,756	10,201,845	10,959,830	12,023,244	12,099,937	12,387,137
Business-type activities:						
Food service	203,521	211,827	193,322	189,037	208,825	235,735
Child Care	-	-	-	-	-	-
Total business-type activities expense	203,521	211,827	193,322	189,037	208,825	235,735
Total district expenses	\$ 9,836,277	\$ 10,413,672	\$ 11,153,152	\$ 12,212,281	\$ 12,308,762	\$ 12,622,872
Program Revenues						
Governmental activities:						
Charges for services:						
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-
Operating grants and contributions	1,234,597	1,224,588	1,343,542	1,435,919	1,166,721	1,261,119
Capital grants and contributions	-	-	-	-	-	-
Total governmental activities program revenues	1,234,597	1,224,588	1,343,542	1,435,919	1,166,721	1,261,119
Business-type activities:						
Charges for services:						
Food service	75,679	78,879	83,225	75,130	83,819	86,131
Child care	-	-	-	-	-	-
Operating grants and contributions	94,017	105,844	110,024	117,185	130,058	159,383
Capital grants and contributions	-	-	-	-	-	-
Total business type activities program revenues	169,696	184,723	193,249	192,315	213,877	245,514
Total district program revenues	\$ 1,404,293	\$ 1,409,311	\$ 1,536,791	\$ 1,628,234	\$ 1,380,598	\$ 1,506,633
Net (Expense)/Revenue						
Governmental activities	\$ (8,398,159)	\$ (8,977,257)	\$ (9,616,288)	\$ (10,587,325)	\$ (10,933,216)	\$ (11,126,018)
Business-type activities	(33,825)	(27,104)	(73)	3,278	5,052	9,779
Total district-wide net expense	\$ (8,431,984)	\$ (9,004,361)	\$ (9,616,361)	\$ (10,584,047)	\$ (10,928,164)	\$ (11,116,239)
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes levied for general purposes, net	\$ 5,531,029	\$ 6,436,938	\$ 6,454,116	\$ 6,712,280	\$ 6,980,770	\$ 7,124,926
Taxes levied for debt service	336,108	373,580	356,402	331,264	371,956	396,279
Unrestricted grants and contributions	1,210,221	1,291,435	1,601,393	1,667,145	1,744,410	1,453,351
Tuition Received	1,597,885	1,619,891	1,635,091	1,723,733	1,834,281	1,984,333
Investment earnings & Miscellaneous Earnings	58,259	127,176	91,890	49,656	19,357	63,967
Adjustment for prior debt adjustment	(379,383)	-	-	-	-	-
Transfers	(24,000)	(35,000)	-	-	-	-
Total governmental activities	8,330,119	9,814,020	10,138,892	10,484,078	10,950,774	11,022,856
Business-type activities:						
Investment earnings	66	135	235	481	181	82
Adjustment for cancellation of APP	-	8,547	-	-	-	-
Transfers	24,000	35,000	-	-	-	-
Total business-type activities	24,066	43,682	235	481	181	82
Total district-wide	\$ 8,354,185	\$ 9,857,702	\$ 10,139,127	\$ 10,484,559	\$ 10,950,955	\$ 11,022,938
Change in Net Assets						
Governmental activities	\$ (68,040)	\$ 836,763	\$ 522,604	\$ (103,247)	\$ 17,558	\$ (103,162)
Business-type activities	(9,759)	16,578	162	3,759	5,233	9,861
Total district	\$ (77,799)	\$ 853,341	\$ 522,766	\$ (99,488)	\$ 22,791	\$ (93,301)

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006
Source: CAFR Schedule A-2

Belmar Board of Education
Fund Balances, Governmental Funds,
Last Five Fiscal Years
(modified accrual basis of accounting)

	For Fiscal Year Ending June 30.					
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	\$ 526,158	\$ 877,798	\$ 1,198,461	\$ 1,240,488	\$ 1,318,738	\$ 1,323,301
Unreserved	166,563	197,721	215,360	290,493	217,097	175,614
Total general fund	<u>\$ 692,721</u>	<u>\$ 1,075,519</u>	<u>\$ 1,413,821</u>	<u>\$ 1,530,981</u>	<u>\$ 1,535,835</u>	<u>\$ 1,498,915</u>
All Other Governmental Funds						
Reserved	\$ 4,232,210	\$ 3,190,756	\$ 89,080	\$ 21,022	\$ -	\$ -
Unreserved, reported in:						
Special revenue fund	-	-	(20,398)	(26,095)	(11,540)	(10,865)
Capital projects fund	-	-	-	-	-	-
Debt service fund	44,170	-	-	-	-	-
Permanent fund	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,276,380</u>	<u>\$ 3,190,756</u>	<u>\$ 68,682</u>	<u>\$ (5,073)</u>	<u>\$ (11,540)</u>	<u>\$ (10,865)</u>

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006.

Source: CAFR Schedule B-1

Belmar Board of Education
Changes in Fund Balances, Governmental Funds,
Last Five Fiscal Years

EXHIBIT J-4

	2005	2006	2007	2008	2009
Revenues					
Tax levy	\$ 5,867,137	\$ 6,810,518	\$ 6,810,518	\$ 7,043,544	\$ 7,352,726
Tuition charges	1,597,885	1,619,891	1,635,091	1,723,733	1,834,281
Interest Earnings/Miscellaneous	58,259	127,176	92,579	53,567	19,357
State sources	2,033,770	2,092,235	2,461,290	2,624,465	2,359,488
Federal sources	411,048	425,776	503,354	474,688	551,643
Total revenue	<u>9,968,099</u>	<u>11,075,596</u>	<u>11,502,832</u>	<u>11,919,997</u>	<u>12,117,495</u>
Expenditures					
Instruction					
Regular Instruction	1,785,262	2,044,442	2,054,217	2,125,448	2,476,609
Special education instruction	448,754	464,629	550,235	1,301,062	1,374,393
Other special instruction	817,869	762,400	766,435	254,942	248,890
Support Services:					
Tuition	2,334,537	2,562,051	2,303,413	2,460,262	2,643,976
Student & instruction related services	962,484	976,778	1,196,579	1,016,954	934,896
School Administrative services	179,743	159,631	295,838	237,748	245,302
Other administrative services	416,992	444,289	376,389	387,608	401,563
Plant operations and maintenance	421,882	484,320	794,047	1,059,709	913,722
Pupil transportation	407,590	411,846	452,399	466,068	407,439
Food Services	24,000	43,546	-	-	-
Unallocated employee benefits	1,748,796	1,831,124	1,981,175	2,156,627	1,926,432
Special Schools	1,152	308	1,340	2,860	6,100
Charter Schools	29,214	30,920	4,779	-	-
Capital outlay	351,098	4,002,272	136,327	7,982	146,808
Debt service:					
Principal	97,628	195,098	193,484	214,156	216,347
Interest and other charges	263,859	201,362	207,088	185,166	176,631
Total expenditures	<u>10,290,860</u>	<u>14,615,016</u>	<u>11,313,745</u>	<u>11,876,592</u>	<u>12,119,108</u>
Excess (Deficiency) of revenues over (under) expenditures	(322,761)	(3,539,420)	189,087	43,405	(1,613)
Other Financing sources (uses)					
Capital leases (non-budgeted)	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Proceeds of refunding debt	-	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	-	-
Par amount of bonds	-	-	-	-	-
Original issue premium	-	-	-	-	-
Accrued interest	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	-
Costs of issuance	-	-	-	-	-
Accrued interest	-	-	-	-	-
Transfers in	93,549	68,057	21,022	-	-
Transfers out	(93,549)	(68,057)	(21,022)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances:	<u>\$ (322,761)</u>	<u>\$ (3,539,420)</u>	<u>\$ 189,087</u>	<u>\$ 43,405</u>	<u>\$ (1,613)</u>
Debt service as a percentage of noncapital expenditures	3.6%	3.7%	3.6%	3.4%	3.3%

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006.

Source: CAFR Schedule B-2

BELMAR BOARD OF EDUCATION
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 UNAUDITED

EXHIBIT J-5

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2001	22,663	1,256,213	29,830	1,308,706
2002	7,035	1,031,208	116,050	1,154,293
2003	9,872	1,402,537	45,944	1,458,353
2004	6,295	1,461,579	15,176	1,483,050
2005	13,083	1,597,885	1,541	1,612,509
2006	30,465	1,619,891	28,654	1,679,010
2007	34,740	1,635,091	36,128	1,705,959
2008	48,605	1,723,733	4,962	1,777,300
2009	14,210	1,834,281	5,147	1,853,638
2010	4,842	1,984,334	59,122	2,048,298

Source: District Records

**Belmar Board of Education
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Year Ended December 31	Vacant Land	Building	Farm Prop.	Orchard	Commercial	Industrial	Apartment	Estimated Full Cash Valuations	Less Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2001								505,626,070	0	0	398,076,462	1.291	78.73%
2002								607,977,156	0	0	396,558,316	1.379	85.23%
2003								935,932,230	0	0	979,601,796	0.559	104.67%
2004								1,144,169,345	0	0	982,889,788	0.582	85.90%
2005	14,356,800	832,791,500			108,677,600		35,692,500	992,118,400		396,629	992,515,029	0.641	85.86%
2006	17,463,300	839,667,700			108,494,500		33,659,900	995,265,400		300,699	999,586,089	0.981	72.06%
2007	21,349,400	847,873,700			104,438,700		31,242,500	1,004,904,300		285,063	1,005,169,363	0.888	61.62%
2008	22,038,100	865,626,900			103,311,200		27,629,400	1,018,605,600		285,245	1,018,870,845	0.709	57.46%
2009	21,222,200	878,124,800			101,268,200		27,629,400	1,028,244,600		494,262	1,028,738,862	0.725	57.24%
2010	18,692,000	884,986,200			101,542,800		26,250,400	1,031,471,400		406,348	1,031,877,748	0.734	58.25%

Source: Monmouth County Tax Assessor (Assessed Value by Property class, Net Valuation Taxable, Certified Tax Rates)

Note: Real property is required to be assessed at some percentage of true value (tax or market value) established by each county board of taxation. In 2003 the Borough was reassessed and the tax rate adjusted accordingly.

Reassessment occurs when ordered by the County Board of Taxation

The schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006

^b Tax rates are per \$100

**Belmar Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

EXHIBIT J-7

(rate per \$100 of assessed value)

Year Ended December 31,	Belmar Board of Education			Borough of Belmar	Monmouth County	Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct			
2000			1.160	1.193	0.529	2.882
2001			1.291	1.209	0.570	3.070
2002			1.379	1.225	0.652	3.256 *
2003	0.545	0.012	0.559	0.514	0.288	1.361
2004	0.557	0.025	0.582	0.532	0.346	1.460
2005	0.603	0.038	0.641	0.571	0.377	1.589
2006	0.645	0.036	0.681	0.587	0.398	1.666
2007	0.655	0.033	0.688	0.612	0.424	1.724
2008	0.672	0.037	0.709	0.655	0.427	1.791
2009	0.692	0.032	0.725	0.685	0.435	1.845

Source: District Records and Monmouth County Taxation (Assessed Value by Property Class)

*In 2003 the Borough was reassessed and the tax rate adjusted accordingly.

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 calcu

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.

**Belmar Board of Education
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Taxpayer	2009		2000		
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
BMIA, LLC	\$ 4,507,200	0.46%	\$ 2,845,100	4	0.73%
River Ridge Apartments	4,292,700	0.44%			
Pat's Motel Inc	3,084,300	0.31%	2,000,000	3	0.51%
Private Homeowner #1	2,800,000	0.29%	-		
LCS, Inc.	2,704,300	0.28%	1,105,000	10	0.28%
Private Homeowner #2	2,623,100	0.27%	-		0.27%
Ocean Harbor Apartments LLC	2,354,300	0.24%	1,540,000	5	0.39%
GSK LLC	1,979,200	0.20%	-		
Anza Inc.	1,970,900	0.20%	1,230,000	8	0.31%
Private Homeowner #4	1,878,700	0.19%			
Gold Meyer	-		3,277,800	1	0.84%
GGB Assoc	-		2,313,100	2	0.59%
Private Homeowner #3	-		1,370,000	6	0.35%
Repetti, Anthony & Paul	-		1,283,100	7	
Belmar Terrace Apts	-		1,148,000	9	0.29%
Total	\$ 28,194,700		\$ 18,112,100		4.56%

Source: Borough CAFR & Municipal Tax Assessor

**Belmar Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	4,384,186	4,384,186	100.00%	-
2002	5,451,718	5,451,718	100.00%	-
2003	5,400,315	5,400,315	100.00%	-
2004	5,533,293	5,533,293	100.00%	-
2005	5,867,137	5,867,137	100.00%	-
2006	6,810,518	6,810,518	100.00%	-
2007	6,810,518	6,810,518	100.00%	-
2008	7,043,545	7,043,545	100.00%	-
2009	7,352,726	7,352,726	100.00%	-
2010	7,521,205	7,521,205	100.00%	-

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

Note: 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 is the amount voted upon or certified prior to the end of the schoo

Belmar Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2001	1,298,942	-	35,388	-	-	1,334,330	2.92%	38,941	
2002	1,210,618	-	24,305	-	-	1,234,923	3.50%	43,161	
2003	1,120,781	-	57,713	-	-	1,178,494	3.72%	43,863	
2004	4,888,583	-	34,658	-	-	4,923,241	0.88%	43,387	
2005	4,790,955	-	23,632	-	-	4,814,587	0.91%	43,634	
2006	4,595,856	-	12,087	-	-	4,607,943	1.01%	46,545	
2007	4,388,768	-	-	-	-	4,388,768	1.10%	48,072	
2008	4,174,612	-	-	-	-	4,174,612	1.26%	52,499	
2009	3,958,267	-	-	-	-	3,958,267	1.41%	55,826	
2010	3,719,694	-	-	-	-	3,719,694	1.53%	56,755	

Source: District CAFR Schedules I-1, I-2

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

- a** See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding and low interest and small project loans

Belmar Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2001	1,298,942	-	1,298,942	0.33%	42,635
2002	1,210,618	-	1,210,618	0.31%	43,521
2003	1,120,781	-	1,120,781	0.11%	42,849
2004	4,888,583	-	4,888,583	0.50%	43,427
2005	4,790,955	-	4,790,955	0.48%	44,005
2006	4,595,856	-	4,595,856	0.46%	44,591
2007	4,388,768	-	4,388,768	0.44%	48,072
2008	4,174,612	-	4,174,612	0.42%	52,499
2009	3,958,267	-	3,958,267	0.39%	55,826
2010	3,719,694	-	3,719,694	0.36%	56,755

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

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

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

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
(Net) Debt repaid with property taxes			
Borough of Belmar (as of December 31, 2009)	10,584,402	100.000%	10,584,402
Other debt			
Belmar Water - Sewer Authority and Beach Utility	4,309,710	100.000%	4,309,710
Monmouth County (as of December 31, 2008)	5,804,918	100.000%	<u>5,804,918</u>
Subtotal, overlapping debt			20,699,030
Borough of Belmar School District Direct Debt-December 31, 2009			<u>3,729,694</u>
Total direct and overlapping debt			<u><u>\$ 24,428,724</u></u>

Sources: Information obtained from Annual Debt Statement Borough of Belmar & Exhibit H11 from Borough of Belmar 2007 Financial Statement

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 Belmar. 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, of each overlapping payment.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property. 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.

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis	
2010	1,031,877,748
2009	\$ 1,028,244,600
2008	\$ 1,018,605,600
[A]	\$ 3,078,727,948

[A3]	\$ 1,026,242,649
[B]	30,787,279 ^a
[C]	3,958,067
[B-C]	\$ 26,829,012

Average equalized valuation of taxable property

Debt limit (3 % of average equalization
 Net bonded school debt
 Legal debt margin

Fiscal Year

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 18,544,136	\$ 20,866,276	\$ 24,018,741	\$ 29,808,990	\$ 36,964,281	\$ 32,247,770	\$ 31,411,920	30,227,953	30,517,545	30,787,279
Total net debt applicable to limit	1,385,803	1,210,617	1,120,780	4,886,583	4,790,955	4,585,856	4,388,768	4,174,612	3,958,267	3,958,267
Legal debt margin	\$ 17,158,333	\$ 19,655,659	\$ 22,897,961	\$ 24,920,407	\$ 32,173,326	\$ 27,661,914	\$ 27,023,152	\$ 26,053,341	\$ 26,559,278	\$ 26,829,012
Total net debt applicable to the limit as a percentage of debt limit	7.47%	5.80%	4.67%	16.40%	12.96%	14.25%	13.97%	13.81%	12.97%	12.86%

Source Abstract of Ratables and District Records CAFR Schedule J-7

^a Limit set by NUSA 18A 24-19 for a K through 8 district, other % limits would be applicable for other districts

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2000	6,045	\$ 233,645,295	38,651	3.3%
2001	5,982	\$ 255,120,336	42,648	3.6%
2002	5,983	\$ 259,871,605	43,435	5.3%
2003	5,975	\$ 255,855,475	42,821	5.3%
2004	6,071	\$ 260,840,515	42,965	4.4%
2005	5,962	\$ 274,663,378	46,069	4.8%
2006	5,923	\$ 282,491,562	47,694	4.9%
2007	5,927	\$ 304,867,099	51,437	4.5%
2008	5,908	\$ 323,764,308	54,801	5.8%
2009	5,897	\$ 334,684,235	56,755	9.4%

Source:

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

^b Personal income__Per Capita Income * Population

^c Per Capita_For Monmouth County

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

<http://www.wnjin.net/OneStopCareerCenter/LaborMarketInformation/Imi11/index.html>

<http://www.wnjin.net/OneStopCareerCenter/LaborMarketInformation/Imi02/mcd/monest06.htm>

Employer	2006			1997		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
NO INFORMATION AVAILABLE						
	-		0.00%	-		0.00%

Source:

**Belmar Board of Education
Full-time Equivalent District Employees by Function/Program
Last Six Fiscal Years**

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction						
Regular	40	41	41	39	40	40
Special education	7	7	7	10	11	10
Other special education	5	5	5	4	4	4
Vocational	-					
Other instruction	-					
Nonpublic school programs	-					
Adult/continuing education programs	-					
Support Services:						
Tuition	-					
Student & instruction related services	9	11	11	13	15	15
General administrative services	4	2	2	2	2	2
School administrative services	3	3	3	3	3	3
Business administrative services	3	3	3	3	3	3
Plant operations and maintenance	4	4	3	3	2	1
Pupil transportation	2	2	-	-	-	-
Special Schools	-					
Food Service	3	3	-	-	-	-
Child Care						
Total	<u>80</u>	<u>81</u>	<u>75</u>	<u>77</u>	<u>80</u>	<u>78</u>

Source: District Personnel Records

Belmar Board of Education
Operating Statistics
Last Six Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						K-8				
2005	561	6,654,839	11,862		55	1:12	561	529		94.18%
2006	543	7,003,404	12,898	8.73%	53	1:10	543	513	-3.28%	94.48%
2007	534	7,980,040	14,944	15.87%	53	1:10	534	508	-1.66%	95.13%
2008	523	8,545,903	16,340	9.34%	53	1:10	523	499	-2.06%	95.41%
2009	533	8,845,977	16,597	1.57%	55	1:10	533	509	1.91%	95.50%
2010	559	-15,402,035	(27,553)	-266.02%	55	1:10	559	532	4.88%	95.17%

Sources: District records, School Register Summary and Schedules J-2, J-16

Note: Enrollment based on Average Daily Enrollment in District

- a Operating expenditures equal total expenditures less debt service, tuition & transportation paid of out of district students, and capital outlay; Schedule J-2
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Belmar Board of Education
School Building Information
Last Six Fiscal Years**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>District Building</u>						
<u>Belmar Elementary School</u>						
Square Feet	85,841	85,841	85,841	85,841	85,841	85,841
Capacity (students)	704	704	704	704	704	704
Enrollment	561	543	534	523	533	559
<u>Other</u>						
Administration Building						
Square Feet	3,600	3,600	3,600	8,000	3,600	3,600

Number of Schools at June 30, 2010 - 1

Source: District records, LRFP

BELMAR BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 UNAUDITED

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

School Facilities	Project # (s)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001 *
Belmar Elementary School	N/A	82,677	126,297	\$ 290,052	\$ 209,761	\$ 138,672	\$ 49,676	\$ 52,865	\$ 59,432	\$ 72,960	\$ 16,256
Total School Facilities		82,677	126,297	290,052	209,761	138,672	49,676	52,865	59,432	72,960	16,256

Schedule does not provide ten years of information as the State Department of Education required this information beginning with fiscal year ended June 30, 2001.

Source: School Records, Schedule M-1

BELMAR BOARD OF EDUCATION
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

Company	Type of Coverage	Coverage	Deductible
NJ School Boards Assoc Insurance Group (NSBAIG)	Property Blanket Building & Contents- Replacement Cost Values	\$ 18,570,148	\$ 2,500
NJ School Boards Assoc Insurance Group (NSBAIG)	Flood/Earthquake	50,000,000	10,000
Selective Insurance	Flood	10,000	1,000
NJ School Boards Assoc Insurance Group (NSBAIG)	Liability		
	-Each Occurrence	6,000,000	1,000
	Employee Benefits Liability	6,000,000	1,000
	Terrorism	1,000,000	1,000
	-Personal Injury	6,000,000	1,000
	Automotive Coverage	6,000,000	10,000
	Electronic Data Processing	367,290	1,000
	Boiler & Machinery	100,000,000	2,500
	Crime	100,000	500
NJ School Boards Assoc Insurance Group (NSBAIG)	Board of Education		
	-Liability Wrongful Acts Coverage		
	Each Loss	\$ 1,000,000	\$ 5,000
	Aggregate	1,000,000	5,000
NJ School Boards Assoc Insurance Group (NSBAIG)	Worker's Compensation		
	-Covered Payrolls-Professional	4,627,462	N/A
	-Covered Payrolls-Non-Professional	-	N/A
Selective Insurance	Fidelity Bonds		
	-Treasurer of School Monies	200,000	
	-School Business Administrator/ Board Secretary	25,000	
Peoples Benefit Life	Student Accident Insurance for all students per occurrence	1,000,000	

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL

REPORTING AND ON COMPLIANCE AND OTHER MATTERS

BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED

IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

K-1

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

We have audited the general-purpose financial statements of the Board of Education of the Belmar School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated November 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Belmar Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Belmar Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Belmar Board of Education's internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

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

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

November 18, 2010

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH

MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

IN ACCORDANCE WITH OMB CIRCULAR A-133 AND

NEW JERSEY OMB CIRCULAR 04-04

K-2

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

Compliance

We have audited the compliance of the Board of Education of the Belmar School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. Belmar Board of Education'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 Belmar Board of Education's management. Our responsibility is to express an opinion on the Belmar Board of Education's compliance based on our audit.

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

In our opinion, the Board of Education of the Belmar School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

A *control deficiency* in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Belmar Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Belmar Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Belmar 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.

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

November 18, 2010

SCHEDULES OF FEDERAL AND STATE AWARDS

BELMAR SCHOOL DISTRICT

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDING JUNE 30, 2010

Schedule A
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C. F. D.A. Number	Grant Period	Program or Award Amount	Balance June 30, 2009	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	Balance at June 30, 2010	
										(Accounts Receivable)	Deferred Revenue
U.S. Department of Agriculture											
Passed Through State Department of Education:											
National School Lunch Program	10.555	7-1-08 to 6-30-09	\$ 98,151	\$ (6,199)		6,199					
National School Lunch Program	10.555	7-1-09 to 6-30-10	122,321			111,893	(122,321)			(10,428)	
School Breakfast Program	10.553	7-1-08 to 6-30-09	14,104	(1,042)		1,042					
School Breakfast Program	10.553	7-1-09 to 6-30-10	17,178			15,732	(17,178)			(1,446)	
Special Milk Program	10.556	7-1-08 to 6-30-09	231	(11)		11					
Food Distribution	10.550	7-1-09 to 6-30-10	13,270			13,270	(13,270)				
Total U.S. Department of Agriculture				(7,252)	-	148,147	(152,769)	-	-	(11,874)	-
General Fund:											
Medical Assistance Program	93.778	7-1-09 to 6-30-10	14,100			14,100	(14,100)				
U.S. Department of Education:											
Passed Through State Department of Education:											
Title I	84.010	9-1-08 to 8-31-09	190,156	(42,240)		42,240	(319)			(319)	
Title I	84.010	9-1-09 to 8-31-10	197,949			192,660	(197,949)			(5,289)	
Title II A	84.367 A	9-1-08 to 8-31-09	50,933	(14,828)		15,669	(841)				
Title II A	84.367 A	9-1-09 to 8-31-10	49,163			48,322	(49,163)			(841)	
Title III D	84.318	9-1-08 to 8-31-09	1,563	(978)		1,127	(120)			(78)	
Title III D	84.318	9-1-09 to 8-31-10	1,879			1,801	(1,879)				
Title III	84.365 A	9-1-08 to 8-31-09	11,036	(281)		655	(374)				
Title III	84.365 A	9-1-09 to 8-31-10	10,598			9,870	(10,598)			(728)	
Title III Immigrant	84.365 A	9-1-09 to 8-31-10	7,234			5,754	(7,234)			(1,480)	
Title IV	84.186	9-1-08 to 8-31-09	4,563	(396)		1,150	(754)				
Title IV	84.186	9-1-09 to 8-31-10	4,185			3,431	(4,185)			(754)	
Title V	84.298	9-1-07 to 8-31-08	1,807	72			(72)				
LD E.A. Basic	84.027	9-1-08 to 8-31-09	298,017	(36,074)		36,074					
LD F.A. Basic	84.027	9-1-09 to 8-31-10	291,609			259,648	(286,868)			(27,220)	
LD E.A. Preschool	84.173	9-1-08 to 8-31-09	8,347	(1,314)		1,314					
LD E.A. Preschool	84.173	9-1-09 to 8-31-10	8,271			8,271	(8,271)				
A.R.R.A. Title I	84.389	9-1-09 to 8-31-10	91,315			55,123	(70,315)			(15,192)	
A.R.R.A. LD E.A. Basic	84.391	9-1-09 to 8-31-10	369,605			130,691	(193,939)			(63,248)	
A.R.R.A. LD E.A. Preschool	84.392	9-1-09 to 8-31-10	13,352				(9,039)			(9,039)	
Total U.S. Department of Education				(96,039)	-	813,800	(841,920)	-	-	(124,188)	-
Total											
			\$	(103,291)	-	976,047	(1,008,789)	-	-	(136,062)	-

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

BELMAR SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program State Department of Education:	Grant or State Project Number	Grant Period	Program or Award Amount	Balance June 30, 2010	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	(Accounts Receivable)	Balance at June 30, 2010 Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Cumulative Expenditures
Transportation Aid	10-495-034-5120-014	7-1-09 to 6-30-10	\$ 75,338	\$ -	-	75,338	(75,338)	-	-	-	-	-	(10,296)	75,338
Special Education Aid	10-495-034-5120-011	7-1-09 to 6-30-10	274,883	-	-	274,883	(274,883)	-	-	-	-	-	(37,588)	274,883
Security Aid	10-495-034-5120-084	7-1-09 to 6-30-10	78,390	-	-	78,390	(78,390)	-	-	-	-	-	(10,711)	78,390
Adjustment Aid	10-495-034-5120-085	7-1-09 to 6-30-10	462,484	(788)	-	462,484	(462,484)	-	-	-	-	-	(63,190)	462,484
Non-Public Transportation Aid	09-495-034-5120-014	7-1-08 to 6-30-09	788	-	-	788	-	-	-	-	-	-	-	788
On-Behalf TPAF Pension Contrib	10-100-034-5095-001	7-1-09 to 6-30-10	254,190	-	-	254,190	(254,190)	-	-	-	-	-	-	254,190
Reimbursed TPAF Social Security Contributions	09-100-034-5095-002	7-1-08 to 6-30-09	285,584	(12,806)	-	12,806	-	-	-	-	-	-	-	285,584
Reimbursed TPAF Social Security Contributions	10-100-034-5095-002	7-1-09 to 6-30-10	293,441	-	-	280,417	(293,441)	(13,024)	-	(13,024)	-	-	-	293,441
Extraordinary Aid	09-495-034-5120-044	7-1-08 to 6-30-09	90,768	(90,768)	-	90,768	-	-	-	-	-	-	-	90,768
Extraordinary Aid	10-495-034-5120-008	7-1-09 to 6-30-10	47,369	(104,362)	-	1,530,084	(47,369)	(60,393)	-	(47,369)	-	-	(121,755)	47,369
Special Revenue Nonpublic Aid	09-100-034-5120-064	7-1-08 to 6-30-09	60,164	21	-	-	-	(21)	-	-	-	-	-	60,164
Textbook Aid	10-100-034-5120-064	7-1-09 to 6-30-10	64,059	-	-	64,059	(63,805)	-	-	-	-	254	-	63,805
Home Instruction	09-100-034-5120-067	7-1-08 to 6-30-09	9,791	(9,791)	-	9,782	(701)	(8)	-	(8)	-	-	-	701
Home Instruction	10-100-034-5120-067	7-1-09 to 6-30-10	701	-	-	-	(701)	(461)	-	(701)	-	-	-	701
Nursing Services	09-100-034-5120-070	7-1-08 to 6-30-09	81,214	461	-	-	-	(461)	-	-	-	-	-	81,214
Nursing Services	10-100-034-5120-070	7-1-09 to 6-30-10	75,965	-	-	75,965	(72,580)	-	-	-	-	3,385	-	72,580
Auxiliary Services	09-100-034-5120-067	7-1-08 to 6-30-09	133,971	1,592	-	-	-	(1,592)	-	-	-	-	-	133,971
Compensatory Education	10-100-034-5120-067	7-1-09 to 6-30-10	159,790	2,030	-	159,790	(158,254)	(2,030)	-	-	-	1,536	-	158,254
ESI	09-100-034-5120-067	7-1-08 to 6-30-09	2,030	-	-	-	-	-	-	-	-	-	-	2,030
ESI	10-100-034-5120-067	7-1-09 to 6-30-10	1,957	-	-	1,957	(6,894)	-	-	-	-	1,957	-	1,957
Handicapped Services	10-100-034-5120-067	7-1-09 to 6-30-10	6,894	-	-	6,894	-	-	-	-	-	-	-	6,894
Examination & Classification	09-100-034-5120-066	7-1-08 to 6-30-09	100,283	1,311	-	-	-	(1,311)	-	-	-	-	-	100,283
Examination & Classification	10-100-034-5120-066	7-1-09 to 6-30-10	78,635	-	-	78,635	(71,121)	-	-	-	-	7,514	-	78,635
Corrective Speech	09-100-034-5120-066	7-1-08 to 6-30-09	18,135	186	-	-	-	(186)	-	-	-	-	-	18,135
Corrective Speech	10-100-034-5120-066	7-1-09 to 6-30-10	21,431	-	-	21,431	(21,431)	-	-	-	-	-	-	21,431
Supplementary Instruction	10-100-034-5120-066	7-1-09 to 6-30-10	49,778	-	-	49,778	(49,778)	-	-	-	-	-	-	49,778
Technology Initiative	09-100-034-5120-373	7-1-08 to 6-30-09	42,080	1,778	-	-	-	(1,778)	-	-	-	-	(10,865)	42,080
Preschool Education Aid	10-495-034-5120-086	7-1-09 to 6-30-10	79,516	(2,412)	-	547,807	(79,516)	(7,379)	-	(7,379)	-	14,646	(10,865)	524,080
Food Service	09-100-010-3360-067	7-1-08 to 6-30-09	4,695	(297)	-	297	-	-	-	-	-	-	-	4,695
National School Lunch Program (State Share)	10-100-010-3360-067	7-1-09 to 6-30-10	5,421	(79)	-	4,957	(5,421)	(464)	-	(464)	-	-	-	5,421
National School Lunch Program (State Share)	09-100-010-3360-096	7-1-08 to 6-30-09	1,080	79	-	79	-	-	-	-	-	-	-	1,080
School Breakfast Program (State Share)	10-100-010-3360-096	7-1-09 to 6-30-10	1,193	(376)	-	1,093	(1,193)	-	-	(1,193)	-	-	-	1,193
School Breakfast Program (State Share)						6,426	(6,614)	-	-	(6,614)	-	-	-	6,426
				\$ (107,150)		2,084,317	(2,016,809)	(7,379)		(61,666)		14,646	(132,620)	2,016,809

* Funds held by Monmouth Ocean Educational Services Commission and to be returned on the District's behalf.

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

BOARD OF EDUCATION

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BELMAR SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2010****NOTE 1: General**

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

NOTE 2: Basis of Accounting

The accompanying schedules of 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. Programs recorded in the food service fund include the National School Lunch Program, the School Breakfast Program, the U.S.D.A Commodities Program and the Special Milk Program. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(46,864) for the general fund and \$(105,881) for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 14,100	1,486,115	1,500,215
Special Revenue Fund	841,920	524,080	1,366,000
Food Service Fund	<u>152,769</u>	<u>6,614</u>	<u>159,383</u>
Total Financial Assistance	\$ <u>1,008,789</u>	<u>2,016,809</u>	<u>3,025,598</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: 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 of behalf of the District for the year ended June 30, 2010. 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, 2010.

BELMAR SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 1 - Summary of Auditor's Results

Financial Statement Section

Unqualified

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

2) Reportable conditions(s) identified that are not considered to be material weaknesses?

_____ Yes x None Reported

Noncompliance material to general purpose financial statements noted?

_____ Yes x No

Federal Awards

Internal control over compliance:

1) Material weakness(es) identified?

_____ Yes x No

2) Reportable condition(s) identified 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 section .510(a) of Circular A-133?

_____ Yes x No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027

IDEA Basic

84.391

ARRA IDEA Basic

84.010

Title I

84.389

ARRA Title I

Dollar threshold used to distinguish between type A and type B programs:

 \$300,000

Auditee qualified as low-risk auditee?

 x Yes _____ No

BELMAR SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 2 - Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

BELMAR SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2010*Part 3 - 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

Finding: NONE

Information on the Federal Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: NONE

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

BELMAR SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2010*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs (Continued)***STATE AWARDS (Continued)**Cause: N/ARecommendation: N/AManagement's response: N/A

BELMAR SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prior Audit Findings:

None