SCHOOL DISTRICT
OF

Sea Girt Borough
of Monmouth County

Sea Girt Board of Education

Sea Girt, New Jersey

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

(Report Dated November 15, 2010)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Sea Girt Board of Education
of Monmouth County

Sea Girt, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by

Sea Girt Board of Education

Finance Department

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OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

SEA GIRT BOARD OF EDUCATION
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November 19, 2010

Honorable President and Members
Sea Girt Borough Board of Education
Bell Place
Sea Girt, New Jersey 08750

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's Organizational chart and a list of officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the 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." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Sea Girt Borough School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Sea Girt Board of Education, the PreK-8 elementary school and the 9-12 sending-receiving relationship with the Manasquan Board of Education and the Monmouth County Vocational School District constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 8, and has a sending-receiving relationship with the Manasquan Board of Education for grades 9-12. Classes offered are regular, vocational, and special education for disabled youngsters. The District (PreK-12) completed the 2009-10 fiscal year with an enrollment of 239 students representing a 2% decrease from the previous year. The PreK-8 enrollment stood at 182 an increase of 1 student from the previous year. The following details the changes in the PreK-12 student enrollment over the last ten years:

Enrollment, PreK-12

Fiscal Year	Student Enrollment	Percent Change
2009-10	239	-2.0
2008-09	244	0.8
2007-08	242	2.1
2006-07	237	-3.3
2005-06	245	-3.9
2004-05	255	1.6
2003-04	251	-1.6
2002-03	256	0
2001-02	256	1.2

2. ECONOMIC CONDITIONS AND OUTLOOK: The Borough of Sea Girt is an elegant seaside community with well-maintained homes, manicured lawns, a nationally recognized Blue Ribbon School system and low property tax rates. The business district is small in size and not expected to contribute to the Borough's economy in any significant manner; however, the enterprises are well established and add to the town's ambiance. Residential building opportunities are also limited. It is not uncommon to have an older residence sold and demolished in order to make way for new construction, or for a large property to be divided in order to accommodate a new building. Given these factors, the Borough of Sea Girt is expected to have limited economic growth as a municipal entity, but will continue to be regarded as one of the premiere residential communities in New Jersey.

3. MAJOR INITIATIVES: A demanding academic program is delivered in a caring, supportive educational environment. The District maintains high standards for administrative and pedagogical excellence. Students continue surpassing state and national averages on the TerraNova assessment instruments, as well as on the New Jersey Assessment of Skills and Knowledge grades 3 through 8. In the fall of 2005 the District was selected by the United States Department of Education to receive the prestigious No Child Left Behind Blue Ribbon School award.

The Sea Girt School District is progressive in planning for future initiatives in academic programming, staff development, technology, and facility planning. Selected curriculum is revised yearly and is in alignment with New Jersey Core Curriculum Content Standards. The district Local Professional Development Plan provides staff training which is sustained and ongoing.

The residents passed a $1.162 million referendum in December, 2001 for replacement of the existing electric heating system throughout the school with a new gas fired boiler system with a central chiller. Other energy saving projects includes the replacement of exterior doors and windows and interior light fixtures and new suspended acoustical ceiling tiles in all classrooms. The main entrance has been reconfigured for increased school security.

Three years ago the Sea Girt Educational Foundation aggressively raised funds to renovate the district's south grounds. An Open Space grant was also awarded. This allowed for the completion of the final phase of the south grounds renovations. Areas of improvement included the tennis and basketball courts; the playground area and parking lot.

In May 2008, the district awarded a contract for the construction of a new technology center. The district utilized funds received under a long term royalty lease arrangement to finance this construction project. The technology center has now been completed and has been fully furnished and equipped at total cost of $1,094,169 with no impact on the Sea Girt property tax payers.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year.

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

7. 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 percentage of increases/decreases in relation to prior year revenues. Included is the State of New Jersey TPAF pension contributions on behalf of the Board of Education and the reimbursed TPAF social security contributions made by the Board and reimbursed by the State. Also included is tuition revenue, miscellaneous and interest income.

Revenue	Amount	% of Total	Increase/ (Decrease) From 2009
Local	$3,940,715	82.11%	$67,776
Debt Service	149,280	3.11%	(70)
Tuition	130,954	2.73	51,254
State	277,649	5.79%	(13,611)
Federal	78,886	1.64%	19,865
On-behalf TPAF pension	98,861	2.06%	(6,050)
Reimbursed TPAF SS	120,823	2.52%	8,321
Misc/Int Income	1,972	.04%	(4,680)
Total	$4,799,140	100.0%	$122,805

Below is a schedule presenting a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2010, and the increase or decrease in relation to prior year amounts.

Expenditures	Amount	% of Total	Increase/ (Decrease) From 2009
Current:			
Instruction	$1,577,470	33.7%	$ 80,965
Undistributed			
Instruction	984,230	21.0%	(80,174)
Other Expend.	1,858,679	39.8%	47,569
Capital Outlay	108,355	2.3%	(75,972)
Debt Service			
Interest	14,280	.3%	(5,070)
Principal	135,000	2.9%	5,000
	$4,678,014	100%	$ (27,682)

Salaries, employee benefits, special education, tuition and pupil transportation costs continue to contribute to the increase in expenditures.

8. DEBT ADMINISTRATION: At June 30, 2010, the District's outstanding debt issue consisted of a $222,000 bond issued to upgrade the school's heating system, add air conditioning, new exterior windows, lighting and ceilings. Per the bond's terms and conditions, payments began during the 2003/04 school year for a ten (10) year term, maturing February, 2012.

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 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act. The Board's cash position is adequate, with a balance of $634,240 in General Fund cash and temporary investments at June 30, 2010.

The unreserved, undesignated fund balance of the General Fund is 10.75% of the general fund expenditures from the previous fiscal year, or approximately 34 working days of expenditures. With the enactment of A-1, the allowable maximum permitted surplus beginning in 2006-07 was the greater of 2% of general fund expenditures or $250,000. There is no fund balance for the special revenue fund. Any shortfall in state and/or federal funds would have to be made up with general fund monies from fund balance.

10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to: general liability, comprehensive/collision, student and volunteer accident, hazard and theft insurance on property and contents, earthquake, flood and fidelity bonds. The Board worked with its insurance broker, Boynton and Boynton Agency, to review insurance requirements in order to secure the most appropriate coverage at the least possible cost. The Board was once again the proud recipient of the New Jersey School Boards Association Insurance Group 2010 Safety Award. The award is based upon a safety audit and the implementation of effective safety programs.

11. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Jump, Scutellaro & Company, LLP, was selected by the Board to provide this service. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the basic financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports specifically related to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

Stephen V. LaValva
Superintendent

Eileen F. Ertle
School Business Administrator

SEA GIRT BOARD OF EDUCATION

SEA GIRT, NEW JERSEY

ORGANIZATIONAL CHART
(UNIT CONTROL)

BOARD OF EDUCATION

Attorney/Auditor/Custodian of School Moneys Committees

SUPERINTENDENT/PRINCIPAL

Office Staff | Technology Coordinator Custodian | Medical Staff | Child Study Team | Board Secretary | Business Administrator Food Service | Transportation

TEACHING STAFF

Physical Education | Art | Music | Spanish | Compensatory Education | Librarian | PreK-8 Classroom Teachers

PUPILS

SEA GIRT BOARD OF EDUCATION

SEA GIRT, NEW JERSEY

Roster of Officials

June 30, 2010

Members of the Board of Education	**Term Expires**
Dr. Brian T. Buckley, President	2011
J. Mark Brown, Vice President	2013
Colleen Prior , Board member	2013
Daniel C. Herzog, Board member	2011
Dr. Kathleen Cavallo, Board member	2012

Other Officials

Stephen V. Lavalva, Superintendent

Eileen F. Ertle, Business Administrator

Susan Keffer, Board Secretary

Brian Savage, Treasurer

Anthony Sciarrillo, Esquire, Solicitor

SEA GIRT BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Jump, Scutellaro and Company, L.L.P.
12 Lexington Avenue
Toms River, NJ 08754

Attorney

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53 Cardinal Drive
P.O. Box 2369
Westfield, NJ 07091-2369

Official Depository

Wachovia Bank
526 Washington Blvd.
Sea Girt, NJ 08750

FINANCIAL SECTION

JUMP, SCUTELLARO AND COMPANY, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS
12 LEXINGTON AVENUE TOMS RIVER, NJ 08753 PHONE (732) 240-7377 FAX (732) 505-8307 WEBSITE: jumpcpa.com

UNQUALIFIED OPINION ON BASIC FINANCIAL
STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY
INFORMATION AND SUPPLEMENTARY SCHEDULE OF FEDERAL AWARDS AND OTHER
SUPPLEMENTARY INFORMATION- GOVERNMENTAL ENTITY

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 basic 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 as of the Board of Education of the Sea Girt Borough School District, County of Monmouth, as of June 30, 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America where applicable.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2010 on our consideration of the Board of Education of the Sea Girt Borough School District of Monmouth County's internal control over the financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 Sea Girt Borough Board of Education's basic financial statements. The accompanying introduction section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements 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 tables have not been subject 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,

JUMP, SCUTELLARO AND COMPANY, L.L.P.

Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

Toms River, New Jersey
November 15, 2010

SEA GIRT SCHOOL DISTRICT
BOROUGH OF SEA GIRT

Management's Discussion and Analysis
For the fiscal Year ended June 30, 2010
UNAUDITED

This section of the School district's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) was a new element implemented at the end of the June 30, 2005 fiscal year of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments* issued in June 1999 that is now being required by the New Jersey State Department of Education. Certain comparative information between the current fiscal year (2009-2010) and the prior fiscal year (2008-2009) is required to be presented in the MD & A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business.

The statement of net assets (A-1) presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities (A-2) presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary or fiduciary.

Governmental funds – are used to account for essentially the same functions reported as governmental activates in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at he end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar statements. By so doing, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual government funds: the general fund, special revenue fund, capital projects fund, debt service fund and enterprise fund. All are considered to be major funds. The basic governmental fund financial statements can be found as Exhibits B-1 through B-3 in this report.

Proprietary funds – are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the District is that the cost of providing goods or services be financed primarily through user charges. The District uses proprietary funds to account for these business type activities. The proprietary fund statements can be found as Exhibits B-4 through B-6.

Fiduciary funds - are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The District uses trust and agency funds to account for resources held for student activities and groups and for payroll transactions. The basic fiduciary fund statements can be found as Exhibits B-7 through B-8.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found after the fund statements in this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2009-2010 fiscal year include the following:

- The local tax levy increased from 2008-2009 by $67,776 to $3,940,715 to support the increased costs in salary, benefits and special education.

- The unreserved, undesignated general fund balance increased by $32,701 to $387,905 which includes $157,030 in unrestricted extraordinary aid. Previously, the maximum permitted amount of $100,000 imposed under Public Law 04, Chapter 73, also known as S1701 among other things, forced the District to reduce free balance to 2% or a minimum of $100,000, whichever is greater, with the intent of providing tax relief. The legislation recognized that the reduction of surplus to this perilously low level could force the district to cut education programs. With the recent enactment of A-1, the allowable maximum surplus was amended to the greater of 2% of general fund expenditures or $250,000.

- Total spending for all programs was $4,678,014, including capital projects which were $73,509 as the financial component of the south grounds renovation project was completed. This includes a charge of $119,795 for depreciation of the district's fixed assets. General revenues (primarily local tax levy and minimal state aid) were adequate to provide for the balance of these programs, exclusive of the charge for depreciation.

District –wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The following table provides a summary of net assets:

	Governmental Activities	Business-type Activities	Total
Current and other assets	806,283	149,352	955,635
Construction in progres	-	-	-
Capital assets, net	3,762,631	1,065,639	4,828,270
Total assets	4,568,914	1,214,991	5,783,905
Long-term liabilities outstanding	257,178	-	257,178
Other libilities	91,640	-	91,640
Total liabilities	348,818	-	348,818
Net assets:			
Investment in capital assets, net	3,540,631	1,065,639	4,606,270
Restricted	326,738		326,738
Unrestricted	352,727	149,352	502,079
Total net assets	4,220,096	1,214,991	5,435,087

The District's largest net asset is the investment in net capital assets shown above. Net capital assets represent land, building, building improvements, machinery and equipment. Within this category, is the $13,496 in Capital project fund balance that relates to the remaining fund balance under the District's HVAC renovation project. These funds are legally restricted to provide tax relief for the 2010-11 debt service under the HVAC bond obligation.

The District's investment in capital assets is shown net of any related debt used to acquire those assets. The unrestricted net assets show a positive balance of $502,079 comprised of those relating to Governmental Activities of $352,727 and Business-type Activities of $149,352.

The following table provides a summary of revenues and expenses for the District's governmental and business-type activities and the change in net assets from the prior year:

	Government Activities	**Business-type Activities**	**Total**
Revenues:			
Program revenues			
Charges for services	-	189,752	189,752
Operating grants and contributions	219,684	-	219,684
Capital grants and contributions	-	-	-
General revenues			
Property taxes	3,940,715	-	3,940,715
Taxes levied for debt service	149,280	-	149,280
Federal and State aid restricted	78,886	-	78,886
Federal and State aid not restricted	277,649	-	277,649
` Miscellaneous/Tuition income	132,335	-	132,335
Investment Earnings	591	730	1,321
Total revenues	4,799,140	190,482	4,989,622
Expenses:			
Instructional Services/Prof fees	1,577,470	78,449	1,655,919
Support services/undistributed costs	2,967,495	-	2,967,495
Special Schools	-	-	-
Interest on long term debt	14,280	2,092	16,372
Total expenses	4,559,245	80,541	4,639,786
Change in net assets	134,316	109,941	244,257
Net assets – beginning	3,877,885	1,105,050	4,982,935
Net assets – ending	4,012,201	1,214,991	5,227,192

General Fund Budgetary Highlights

The School district's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2010, the School District amended its General Fund budget as needed. The School district uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- Staffing changes based on student needs.
- Additional costs for student transportation.
- Additional costs for out-of-district placements.

The District's final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a $198,290 surplus.

- Actual revenues were $4,574,629 and $198,290 higher than expenses. There were additional revenues from extraordinary aid to the level that was not originally anticipated when the 2009-10 budget was developed.

- The actual expenditures were $4,376,339.

Capital Assets

At June 30, 2010 the District had capital assets of $3.762 million. This is comprised of: Land & Building $3.194 million; Machinery and equipment - $118,741 and Site improvements - $449,816. These capital assets are shown net of accumulated depreciation of $1,505,683. In addition there are capital assets resulting from the District's Business-Type Activities, i.e., Enterprise Fund relative to the District's EBS license. At June 30, 2010 the District had Business-Type capital assets of $1.065 million. This is comprised of the Technology Center addition and related machinery and equipment.

Economic Factors and Next Year's Budget

In February, 2002 the District issued $1,162,000 in school bonds for the purpose of completing the ongoing construction projects resulting from the referendum dated December 2001. These bonds will have an impact on the tax levy raised for debt service through 2012.

The Sea Girt Educational Foundation aggressively raised funds to renovate the District's south grounds. Areas of improvement included the tennis and basketball courts; the playground area and parking lot. An Open Space grant written by the Administration for additional funding to complete the south grounds improvements project was awarded by Monmouth County Board of Chosen Freeholders. The final phase of this project was completed in the fall 2009.

In May, 2008 the District awarded a contract for the construction of a new Technology Center. The district utilized funds received under a long term royalty lease arrangement to fund this construction project. The project has been completed with **no** impact on the tax levy.

Although funding from the State of New Jersey had remained at the same level as the previous five years, the District saw a slight increase for the 2009-10 school year based in part on a new funding formula which was implemented in the 2008-09 school year.

Even though based on this new funding formula, any future State aid will be based on the district's enrollment, and the adequacy budget, the District was faced with the loss of 100% of its State aid for the 2010-11 school year. It is not anticipated that there will be any future restoration of State aid previously enjoyed by the District. The result remains that the burden to support the district will be primarily placed on the taxpayers of Sea Girt Borough and revenue earned through the District's tuition program.

In 2009 New Jersey school districts were eligible for more than $609 million in additional allocations for Title I and special education programs under the federal economic stimulus package. The additional funding under the American Recovery and Reinvestment Act (ARRA) is being disbursed over a two year span which began in September 2009. The District was awarded $45,422 in special education program (IDEA) funding under ARRA. This funding is expected to be temporary and the district will look to expend these funds in ways that do not result in unsustainable commitments.

Contacting the District's Financial Management

The District's financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report can be addressed to the School Business Administrator.

Exhibit A-1

SEA GIRT SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 634,240	$ 149,352	$ 783,592
Receivables - other governments	172,043	-	172,043
Construction in progress	-	-	-
Capital assets, net (Note 6):	3,762,631	1,065,639	4,828,270
Total assets	4,568,914	1,214,991	5,783,905
LIABILITIES			
Accounts payable	59,640	-	59,640
Interfund payable	32,000	-	32,000
Noncurrent liabilities (Note 5):			
Due within one year	140,000	-	140,000
Due beyond one year	117,178	-	117,178
Total liabilities	348,818	-	348,818
NET ASSETS			
Invested in capital assets, net of related debt	3,540,631	1,065,639	4,606,270
Restricted for:			
Capital projects	134,853	-	134,853
Debt service	-	-	-
Other purposes	191,885	-	191,885
Unrestricted	352,727	149,352	502,079
Total net assets	$ 4,220,096	$ 1,214,991	$ 5,435,087

See accompanying notes to financial statements.

Exhibit A-2

SEA GIRT SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
Current:							
Regular instruction	$ 1,245,862	$ -	$ -	$ -	$ (1,245,862)	$ -	$ (1,245,862)
Special schools instruction	250,424	-	-	-	(250,424)	-	(250,424)
Other special instruction	81,184	-	-	-	(81,184)	-	(81,184)
Support services and undistributed costs:							
Instruction	984,230	-	-	-	(984,230)	-	(984,230)
Attendance and social work	25,521	-	-	-	(25,521)	-	(25,521)
Health services	69,609	-	-	-	(69,609)	-	(69,609)
Other support services	253,007	-	-	-	(253,007)	-	(253,007)
Improvement of instr. services	48,189	-	-	-	(48,189)	-	(48,189)
Educational media services	52,726	-	-	-	(52,726)	-	(52,726)
Instruction staff training	2,368	-	-	-	(2,368)	-	(2,368)
General administrative services	133,957	-	-	-	(133,957)	-	(133,957)
School administrative services	75,887	-	-	-	(75,887)	-	(75,887)
Central services	82,949	-	-	-	(82,949)	-	(82,949)
Admin. Information technology	3,028	-	-	-	(3,028)	-	(3,028)
Allowed maintenance for school facilities	83,223	-	-	-	(83,223)	-	(83,223)
Other operation & maintenance of plant	390,409	-	-	-	(390,409)	-	(390,409)
Student transportation services	75,314	-	-	-	(75,314)	-	(75,314)
Other support services	-	-	-	-	-	-	-
Unallocated employee benefits	467,394	-	-	-	(467,394)	-	(467,394)
Non-budgeted expenditures	219,684	-	219,684	-	-	-	-
Special schools	-	-	-	-	-	-	-
Interest expense	14,280	-	-	-	(14,280)	-	(14,280)
Total governmental activities	4,559,245	-	219,684	-	(4,339,561)	-	(4,339,561)
Business-type activities:							
Enterprise fund	80,541	189,752	-	-	-	# 109,211	109,211
Total business-type activities	80,541	189,752	-	-	-	109,211	109,211
Total primary government	$ 4,639,786	$ 189,752	$ 219,684	$ -	$ (4,339,561)	$ 109,211	$ (4,230,350)

	Governmental Activities	Business-type Activities	Total
General revenues:			
Taxes:			
Property taxes levied for general purpose	$ 3,940,715	$ -	$ 3,940,715
Taxes levied for debt service	149,280	-	149,280
Federal and state aid not restricted	277,649	-	277,649
Federal aid restricted	78,886	-	78,886
Miscellaneous income	100,335	-	100,335
Investment earnings	591	730	1,321
Total general revenues, special items, extraordinary items and transfers	$ 4,547,456	$ 730	4,548,186
Change in net assets	207,895	109,941	317,836
Net assets—beginning	4,012,201	1,105,050	5,117,251
Net assets—ending	$ 4,220,096	$ 1,214,991	$ 5,435,087

See accompanying notes to financial statements.

Exhibit B-1

SEA GIRT SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 453,658	$ (5,050)	$ -	$ -	$ 448,608
Cash on hand with fiscal agent	50,779	-	13,496	-	64,275
Capital reserve	121,357	-	-	-	121,357
Due from other funds	-	-	-	-	-
Receivables from other governments	166,993	5,050	-	-	172,043
Other - [tuition]	-	-	-	-	-
Total assets	792,787	-	13,496	-	806,283
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	59,640	-	-	-	59,640
Interfund payable	32,000	-	-	-	32,000
Deferred revenue	-	-	-	-	-
Total liabilities	91,640	-	-	-	91,640
Fund Balances:					
Reserved for:					
Encumbrances	434	-	-	-	434
Legally restricted -- designated for subsequent year's expenditures	87,920	-	-	-	- 87,920
Capital reserve account	121,357	-	-	-	121,357
Maintenance reserve account	60,000	-	-	-	60,000
Tuition reserve account	25,000	-	-	-	25,000
Debt services	-	-	-	-	
Excess surplus	14,272	-	-	-	14,272
Excess surplus -- designated for Subsequent year's expenditures	4,259	-	-	-	- 4,259
Other purposes	-	-	-	-	-
Unreserved, reported in:					
General fund	387,905	-	-	-	387,905
Debt service fund	-	-	-	-	-
Capital projects fund	-	-	13,496	-	13,496
Permanent fund	-	-	-	-	-
Total fund balances	701,147	-	13,496	-	714,643
Total liabilities and fund balances	$ 792,787	$ -	$ 13,496	$ -	

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 $5,268,314 and the accumulated depreciation is $1,505,683.	3,762,631
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilties in the funds (see Note 7).	(257,178)
Net assets of governmental activities	$ 4,220,096

See accompanying notes to financial statements.

Exhibit B-2

SEA GIRT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	GAAP Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	$ 3,940,715	$ -	$ -	$ 149,280	$ 4,089,995
Tuition charges	130,954	-	-	-	130,954
Interest on investments	308	-	-	-	308
Interest earned on capital reserve funds	283	-	-	-	283
Transportation fees	-	-	-	-	-
Miscellaneous	1,381	-	-	-	1,381
Total - local sources	4,073,641	-	-	149,280	4,222,921
State sources	497,333	-	-	-	497,333
Federal sources	-	78,886	-	-	78,886
Total revenues	4,570,974	78,886	-	149,280	4,799,140
EXPENDITURES					
Current:					
Regular instruction	$ 1,237,620	$ 8,242	$ -	$ -	$ 1,245,862
Special education instruction	250,424	-	-	-	250,424
Other special instruction	-	-	-	-	-
School sponsored/other instructional	81,184	-	-	-	81,184
Support services and undistributed costs:					
Instruction	984,230	-	-	-	984,230
Attendance and social work services	25,521	-	-	-	25,521
Health services	69,609	-	-	-	69,609
Other support services	182,363	70,644	-	-	253,007
Improvement of instr. services	48,189	-	-	-	48,189
Educational media services	52,726	-	-	-	52,726
Instruction staff training	2,368	-	-	-	2,368
General administrative services	133,957	-	-	-	133,957
School administrative services	75,887	-	-	-	75,887
Central services	82,949	-	-	-	82,949
Admin. info. technology	3,028	-	-	-	3,028
Allowed maintenance for school facilities	63,641	-	-	-	63,641
Other operation & maintenance of plant	270,614	-	-	-	270,614
Student transportation services	75,314	-	-	-	75,314
Business and other support services	-	-	-	-	-
Unallocated employee benefits	482,185	-	-	-	482,185
Non-budgeted expenditures	219,684	-	-	-	219,684
Special schools	-	-	-	-	-
Debt service:					
Principal	-	-	-	135,000	135,000
Interest and other charges	-	-	-	14,280	14,280
Capital outlay	34,846	-	73,509	-	108,355
Total expenditures	4,376,339	78,886	73,509	149,280	4,678,014
Excess (deficiency) of revenues over expenditures	194,635	-	(73,509)	-	121,126
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	501	-	501
Transfers out	(32,501)	-	-	-	(32,501)
Total other financing sources and uses	(32,501)	-	501	-	(32,000)
Net change in fund balances	162,134	-	(73,008)	-	89,126
Fund balance—July 1	539,013	-	86,504	-	625,517
Fund balance—June 30	$ 701,147	$ -	$ 13,496	$ -	$ 714,643

See accompanying notes to financial statements.

Exhibit B-3

SEA GIRT SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2010

Total net change in fund balances - governmental funds (from B-2)		**$ 89,126**
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	(119,795)	
Capital outlays	88,773	(31,022)
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.		135,000
In the statement of activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed.		-
In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. This year, sick leave was increased by $14,791		14,791
Change in net assets of governmental activities		**$ 207,895**

See accompanying notes to financial statements.

Exhibit B-4

SEA GIRT SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities - Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 149,352
Investments	-
Interfund receivable	-
Receivable from state	-
Receivable from other governments	-
Other receivables	-
Total current assets	149,352
Noncurrent assets:	
Restricted cash and cash equivalents	-
Furniture, machinery and equipment	1,094,169
Construction in progress	-
Less accumulated depreciation	(28,530)
Total noncurrent assets	1,065,639
Total assets	1,214,991
LIABILITIES	
Current liabilities:	
Accounts payable	-
Revenue anticipation loan	-
Compensated absences	-
Total current liabilities	-
Noncurrent Liabilities:	
Compensated absences	-
Total noncurrent liabilities	-
Total liabilities	-
NET ASSETS	
Invested in capital assets net of related debt	1,065,639
Restricted for:	
Capital projects	-
Unrestricted	149,352
Total net assets	1,214,991
Total liabilities and net assets	$ 1,214,991

See accompanying notes to financial statements.

Exhibit B-5

SEA GIRT SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-type Activities - Enterprise Fund
Operating revenues:	
Royalties	$ 189,752
Total operating revenues	189,752
Operating expenses:	
Professional fees	3,924
Salaries	29,202
Other purchased professional services	-
Cleaning, repair and maintenance services	-
Dues and subscriptions	200
General supplies	23,086
Depreciation	22,037
Total operating expenses	78,449
Operating income	111,303
Non-operating revenues (expenses):	
Interest expense	(2,092)
Interest and investment revenue	730
Total non-operating revenues (expenses)	(1,362)
Change in net assets	109,941
Total net assets—beginning	1,105,050
Total net assets—ending	$ 1,214,991

See accompanying notes to financial statements.

Exhibit B-6

SEA GIRT SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 189,752
Payments to employees	(29,202)
Payments to suppliers	(27,210)
Net cash provided by operating activities	133,340
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	-
Interest income	730
Interest expense	(2,092)
Net cash provided by non-capital financing activities	(1,362)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from revenue anticipation loan	-
Payments of revenue anticipation loan	(150,000)
Purchases of capital assets	(8,421)
Net cash provided by (used for) capital and related financing activities	(158,421)
Net increase in cash and cash equivalents	(26,443)
Balances—beginning of year	175,795
Balances—end of year	$ 149,352
Reconciliation of operating loss to net cash used in operating activities:	
Operating income	$ 111,303
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	22,037
Federal commodities	-
Decrease in interfund receivable, net	-
Decrease in accounts receivable, net	-
Increase in inventories	-
Decrease in interfund payable	-
Increase in accounts payable	-
Total adjustments	22,037
Net cash provided by operating activities	$ 133,340

See accompanying notes to financial statements.

Exhibit B-7

SEA GIRT SCHOOL DISTRICT
Statement of Fiduciary Net Assets
June 30, 2010

	Unemployment Compensation Trust	Student Activity	Agency Fund
ASSETS			
Cash and cash equivalents	$ 15,394	$ 5,413	$ 11,486
Interfund receivable	32,000	-	-
Total assets	47,394	5,413	11,486
LIABILITIES			
Accounts payable	-	-	-
Payroll deductions and withholdings	-	-	11,486
Payable to student groups	-	5,413	-
Other current liabilities	-	-	-
Total liabilities	-	5,413	11,486
NET ASSETS			
Held in trust for unemployment claims and other purposes	47,394	-	-
Total net assets	47,394	-	-
Total liabilities and net assets	$ 47,394	$ 5,413	$ 11,486

See accompanying notes to financial statements.

Exhibit B-8

SEA GIRT SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	$ 1,410
Other	32,000
Total contributions	33,410
Investment earnings:	
Net increase (decrease) in fair value of investments	-
Interest	56
Dividends	-
Less investment expense	-
Net investment earnings	56
Total additions	33,466
DEDUCTIONS	
Quarterly contribution reports	-
Unemployment claims	9,986
Scholarships awarded	-
Refunds of contributions	-
Administrative expenses	-
Total deductions	9,986
Change in net assets	23,480
Net assets—beginning of the year	23,914
Net assets—end of the year	$ 47,394

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Sea Girt Borough 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 Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The district-wide financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include elementary schools located in the borough of Sea Girt. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

b. Basis of Presentation

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

District-wide Statements: The District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments; Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, as of July 1, 2002. The District's basic financial statements reflect the implementation.

The district-wide financial statements (A-1 and A-2) include the statement of net assets and the statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All interfund activity, excluding the fiduciary funds, has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (continued)

governmental activities, generally supported through taxes and user fees, from business-type activities, generally financed in whole or in part with fees charged to external customers.

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

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

The District reports the following governmental funds:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (continued)

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

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from state and federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: 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). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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.

The District reports the following proprietary fund

Enterprise Funds: The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Board’s EBS license operations.

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

Equipment	5-20 Years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (continued)

Additionally, the District reports the following fund type:

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

c. Basis of Accounting

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

District-wide, proprietary, and fiduciary fund financial statements: The district-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The tax revenues are recognized in the year for which they are levied (see Note 1.e.). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all requirements have been satisfied.

Governmental fund financial statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon thereafter to pay 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 principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The financial statements of the 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.

d. Property Taxes

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Property Taxes (continued)

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".

e. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6a:23-1.2. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2010 were insignificant.

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

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

f. Encumbrances

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Encumbrances (continued)

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

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

g. Cash, Cash Equivalents and Investments

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

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

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

h. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods are recorded as an expenditure during the year of purchase.

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

i. Short-Term Interfund Receivables/Payables

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is $2,000.

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

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

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

k. Compensated Absences

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

l. Deferred Revenue

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Accrued Liabilities and Long-Term Obligations

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

n. Net Assets

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

o. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and excess surplus as defined by State law.

p. Revenues – Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purposes; and expenditure requirements, in

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Revenues – Exchange and Non-exchange Transactions (continued)

which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

q. Operating Revenues and Expenses

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

r. Management Estimates

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

2. CASH AND CASH EQUIVALENTS

Operating cash, in the form of Negotiable Order of Withdrawal (“NOW”) accounts, is held in the District’s name by a commercial banking institution. At June 30, 2010, the carrying amount of the District’s deposits was $815,886 and the bank balance was $906,738. Of the bank balance, $250,000 was insured with Federal Deposit Insurance.

Pursuant to GASB Statement No. 40, ‘Deposit and Investment Risk Disclosures’ (“GASB 40”), the District’s NOW accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged to be depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution’s trust department or agent but not in the government’s name. At June 30, 2010, all of the District’s deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

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

2. CASH AND CASH EQUIVALENTS (continued)

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

3. INVESTMENTS

Pursuant to the Enabling Act, the funds of the District may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the District may approve.

New Jersey Asset and Rebate Management Program – The Program has been established as a joint investment trust, (the "Trust"), by local governmental units in the State of New Jersey, (the "State"), consistent with the Interlocal Services Act, constituting Chapter 208 of the Pamphlet Laws of 1973 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (N.J.S.A. 40:8A-1 et seq.), (the "Interlocal Services Act"), to make available to counties, municipalities, school districts, authorities, or other political subdivisions of the State, and where applicable, any bond trustee acting on behalf of such local government, a convenient method for investing and accounting for surplus cash and tax-exempt debt proceeds. The Program seeks to invest tax-exempt bond and note proceeds in compliance with arbitrage management and rebate requirements of the Internal Revenue Code of 1986, as amended. The Program also provides for record keeping, depository and arbitrage rebate calculation.

As of June 30, 2010, the District had $136,752 on deposit with the New Jersey Asset and Rebate Management Program.

Custodial Credit Risk: Pursuant to GASB 40, the NJARM, which is a pooled investment, is exempt from custodial credit risk disclosure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District’s sole investment, the NJCMF, is less than one year.

4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Sea Girt Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A capital reserve account would be maintained in the general fund and its activity would be included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) 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. Post- April 2004 transfers must be in compliance with P.L.2004, C.73 (S1701). Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2009	$ 121,074
Interest earnings	283
Deposits	
Approved at June 2010 meeting	-
Withdrawals	-
Ending balance, June 30, 2010	$121,357

The June 30, 2010 LRFP balance of local support costs of uncompleted capital projects is $1,009,164. There were no withdrawals from the capital reserve for DOE approved facilities projects.

5. RECEIVABLES

Receivables at June 30, 2010, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of governmental receivables follows:

	Governmental Fund Financial Statement	District-Wide Financial Statement
Interfunds	$ -	$ -
Other Governments	172,043	172,043
Gross Receivables	172,043	172,043
Less:		
Allowance for Uncollectible	-	-
Total Receivables, Net	172,043	172,043

6. CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2010

	Beginning Balance	Additions	Retirements	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Capital assets that are not being depreciated:				
Land	$ 916,364	-	-	$ 916,364
Construction in progress	-	-	-	-
Total capital assets that are not being depreciated	916,364	-	-	916,364
Building and building improvements	3,564,457	-	-	3,564,457
Land improvements	498,242	53,928	-	552,170
Machinery and equipment	233,778	34,845	(33,300)	235,323
Totals at historical cost	4,296,477	88,773	(33,300)	4,351,950
Less: accumulated depreciation for:				
Building and improvements	(1,215,459)	(71,288)	-	(1,286,747)
Land improvements	(75,949)	(26,405)	-	(102,354)
Machinery and equipment	(127,780)	(22,102)	33,300	(116,582)
Total accumulated depreciation	(1,419,188)	(119,795)	33,300	(1,505,683)
Total capital assets being depreciated, net of accumulated depreciation	2,877,289	(31,022)	-	2,846,267
Governmental activities capital assets, net	$ 3,793,653	(31,022)	-	3,762,631
BUSINESS-TYPE ACTIVITIES:				
Technology Center	$ 1,072,846	8,421		1,081,267
Machinery and equipment	12,902	-	-	12,902
Construction in progress	-	-	-	-
Less: accumulated deprec.	(6,493)	(22,037)	-	(28,530)
Business-type activities capital assets, net	$ 1,079,255	(13,616)	-	$ 1,065,639

6. CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Operations and maintenance	$119,795
Total depreciation expense	$119,795

7. NON-CURRENT LIABIITIES

During the fiscal year ended June 30, 2010 the following changes occurred in the non-current liabilities:

	Balance 06-30-09	Issued	Retired	Balance 06-30-10	Due in One Year
Compensated absences Payable	$ 49,969	1,904	16,695	35,178	-
Bonds payable	357,000	-	135,000	222,000	140,000
Total	$406,969	1,904	151,695	257,178	140,000

a. BONDS PAYABLE

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Principal and interest due on serial bonds outstanding is as follows:

Year ending June 30,	Principal	Interest	Total
2011	140,000	8,880	148,880
2012	82,000	3,280	85,280
Total	$ 222,000	12,160	234,160

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

8. COMPENSATED ABSENCES

The District accounts for compensated absences (eg., 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 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 absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the governmental fund types is recorded as a non-current liability in the governmental activities fund (see Note 5).

9. PENSION PLANS

Plan Descriptions

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers’ Pension and Annuity Fund retirement system is considered a single employer plan as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system’s other related non-contributing employers. The Public Employees Retirement System is considered a cost sharing multiple-employer plan.

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.

9. PENSION PLANS (continued)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan.

Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after 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 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.

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 1/2% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

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

9. 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	$ 98,861	0 %	$ 0
6/30/09	104,911	0	0
6/30/08	226,229	0	0

During the fiscal year ended June 30, 2010, the State of New Jersey contributed $98,861 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 $120,823 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 basic financial statements.

10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits of 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 Chapter 62, P.L. 1994. 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 made post-retirement (PRM) contributions of $1.38 billion for fiscal year 2009 and 3.22 million for fiscal year 2008.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, 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. In fiscal year 2009, the State paid $116.9 million toward Chapter 126 benefits for 13,320 eligible retired members.

11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2010:

Fund	Interfund Receivable	Interfund Payable
General Fund	-	$32,000
Special Revenue Fund	-	-
Capital Projects Fund	-	-
Debt Service Fund	-	-
Enterprise Fund	-	-
Trust and Agency Fund	$32,000	-
	$32,000	$32,000

12. CONTINGENT LIABILITIES

The District is party to various legal actions, which arise in the ordinary course of business. In the opinion of the Board, the settlement of these actions will not have a material adverse effect on the financial position, results of operations or cash flows of the District.

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2009-10 fiscal year were subject to the Single Audit Act of 1984 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the Board’s annual audit. Substantially, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The Board management does not believe such an audit would result in material amounts of disallowed costs.

13. FUND BALANCE APPROPRIATED

Of the $701,147 general fund balance at June 30, 2010, $121,357 is reserved for capital reserve, $60,000 is reserved for maintenance reserve, $25,000 is reserved for tuition reserve, $434 is reserved for encumbrances, $4,259 is excess surplus designated for subsequent years expenditures, $87,920 is legally restricted designated for subsequent years expenditures, $14,272 is excess surplus and $387,905 is unreserved and undesignated.

14. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L.2004, C.73 (S1701), the designation for reserved fund balance – excess surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. There was $14,272 of excess fund balance at June 30, 2010. The excess fund balance at June 30, 2009 was $4,259.

14. CALCULATION OF EXCESS SURPLUS (continued)

Pursuant to the provisions of Executive Order No. 14, $4,259 of that amount was approved by the Commissioner of the Department of Education for withdrawal to address any budget shortfall in the general fund account group due to the 2009-10 withholding of state aid.

15. RISK MANAGEMENT

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

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

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

Fiscal Year	District Contributions	Employee Contr. plus int	Amount Reimbursed	Ending Balance
2009-2010	$ 32,000	1,466	9,986	$ 47,394
2008-2009	$ -	3,832	14,661	$ 23,914
2007-2008	$ -	2,975	1,081	$ 34,744

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2010, the date the financial statements were available to be issued.

Exhibit C-1

SEA GIRT SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	$ 3,940,715	$ -	$ 3,940,715	3,940,715	$ -
Tuition	104,714	-	104,714	130,954	26,240
Interest	2,200	-	2,200	308	(1,892)
Interest earned on capital reserve funds	1,200	-	1,200	283	(917)
Transportation fees	-	-	-	-	-
Miscellaneous	-	-	-	1,381	1,381
Total - local sources	4,048,829	-	4,048,829	4,073,641	24,812
State sources:					
Transportation aid	13,915	-	13,915	9,045	(4,870)
Special education aid	118,352	-	118,352	76,932	(41,420)
Bilinqual education	-	-	-	-	-
Stabilization aid	-	-	-	-	-
Academic achievement	-	-	-	-	-
Reward program		-			
Extraordinary aid	32,754	124,276	157,030	157,030	-
Foundation aide	-	-	-	-	-
Categorical Security	15,690	-	15,690	10,198	(5,492)
Adjustment Aid	43,230	-	43,230	28,099	(15,131)
Other state aide	-	-	-	-	-
TPAF pension (on-behalf - Non-budgeted)	-	-		98,861	98,861
TPAF social security (reimbursed - Non-budgeted)	-	-		120,823	120,823
Total state sources	223,941	124,276	348,217	500,988	152,771
Total revenues	$ 4,272,770	$ 124,276	$ 4,397,046	4,574,629	$ 177,583
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of teachers	$ 152,329	$ 30,743	$ 183,072	174,136	$ 8,936
Grades 1-5 - Salaries of teachers	489,917	43,163	533,080	529,383	3,697
Grades 6-8 - Salaries of teachers	390,712	35,191	425,903	423,127	2,776
Regular Programs - Home Instruction:					
Salaries of teachers	-	1,500	1,500	499	1,001
Purchased professional-educational services	-	-	-	-	-
Regular Programs - Undistributed Instruction					
Other salaries for instruction	17,297	5,771	23,068	23,067	1
Purchased professional-educational services	3,000	(1,000)	2,000	1,539	461
Purchased technical services	-	-	-	-	-
Other purchased services (400-500 series)	19,808	2,941	22,749	19,409	3,340
General supplies	87,884	(22,492)	65,392	63,966	1,426
Textbooks	15,000	(15,000)	-	-	-
Inst. textbooks	-	-	-	-	-
Other objects - misc. exp.	5,700	(3,206)	2,494	2,494	-
Other objects - instruction ATP	-	-			-
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,181,647	77,611	1,259,258	1,237,620	21,638
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of teachers	68,479	780	69,259	68,726	533
Other salaries for instruction	189,061	1,320	190,381	181,646	8,735
General supplies	1,000	-	1,000	52	948
Textbooks	-	-	-	-	-
Total Resource Room/Resource Center	258,540	2,100	260,640	250,424	10,216

Exhibit C-1

SEA GIRT SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School Sponsored CoCurricular Act.-Instruction					
Salaries	30,169	4,358	34,527	34,132	395
Supplies and Materials	2,000	(2,000)	-	-	-
Total School Sponsored Cocurricular Act-Instruction	32,169	2,358	34,527	34,132	395
School Sponsored Athletics-Instruction					
Salaries	33,977	1,774	35,751	34,442	1,309
Purchased Services (300-500) Series	5,500	(852)	4,648	4,648	-
Supplies and Materials	6,500	413	6,913	6,862	51
Other Objects	2,000	(900)	1,100	1,100	-
Total School Sponsored Athletics-Instruction	47,977	435	48,412	47,052	1,360
Total Instruction	1,520,333	82,504	1,602,837	1,569,228	33,609
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state-regular	573,367	-	573,367	573,366	1
Tuition to other LEAs within the state - special	75,813	11,414	87,227	87,226	1
Tuition to County Voc. School Dist-regular	52,200	(5,866)	46,334	45,600	734
Tuition to County Voc. School Dist-special	-	-	-	-	-
Tuition to CSSD & Reg. Day Schools	-	-	-	-	-
Tuition to private schools for the handicapped - Within sta	312,118	(22,969)	289,149	278,038	11,111
Tuition - Other	-	10,800	10,800	-	10,800
Total Undistributed Expenditures - Instruction:	1,013,498	(6,621)	1,006,877	984,230	22,647
Undist. Expend. - Attendance and social work services					
Salaries	25,598	-	25,598	25,521	77
Total Undist. Expend.- Attendance and social work services	25,598	-	25,598	25,521	77
Undist. Expend. - Health Services					
Salaries	65,936	525	66,461	65,632	829
Purchased professional and technical services	3,533	(136)	3,397	3,397	-
Other purchased services (400-500 series)	-	-	-	-	-
Supplies and materials	1,000	(416)	584	580	4
Other objects	-	-	-	-	-
Total Undistributed Expenditures - Health Services	70,469	(27)	70,442	69,609	833
Undist. Expend. - Other Support Services - Students - Related Service					
Salaries of other professional staff	23,645	(23,500)	145	-	145
Purchased professional - educational services	-	-	-	-	-
Purchased professional - educational services	35,895	4,552	40,447	40,447	-
Supplies and materials	-	-	-	-	-
Other objects	-	-	-	-	-
Total Undist. Expend.-Other Support Srvs-Students-Related Srv	59,540	(18,948)	40,592	40,447	145
Undist. Expend. - Other Support Services - Students - Extraordinary Services					
Salaries	101,186	(25,152)	76,034	70,404	5,630
Purchased professional - educational services	-	-	-	-	-
Other objects	1,000	-	1,000	-	1,000
Supplies and materials	1,500	-	1,500	440	1,060
Total Undist. Expend.-Othr Sprt Srvcs Students-Extraordinary	103,686	(25,152)	78,534	70,844	7,690
Undist. Expend.- Other Support Services Students-Regular					
Salaries of other professional staff	64,727	287	65,014	64,518	496
Salaries of secretarial and clerical assistants	3,878	2	3,880	3,876	4
Purchased professional - educational services	4,500	(2,807)	1,693	300	1,393
Other purchased services (400-500 series)	-	-	-	-	-
Supplies and materials	2,500	(100)	2,400	2,378	22
Total Undist. Expend. - Other Support Services - Students-Reg	75,605	(2,618)	72,987	71,072	1,915

Exhibit C-1

SEA GIRT SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Improvement of instr. Serv / other supp serv - inst staff					
Sal Secr. & Clerical Asst	24,047	-	24,047	23,965	82
Other salaries	24,341	-	24,341	24,224	117
Total Undst. Expnd.-Imprvmt of instr.-Srv/othr supp srv-inst	48,388	-	48,388	48,189	199
Undist. Expend. - Educational Media Services/School Library					
Salaries	19,298	2,326	21,624	20,855	769
Salaries of Technology Coordinators	24,341	-	24,341	24,224	117
Purchased professional and technical services	1,500	-	1,500	1,071	429
Supplies and materials	5,000	1,796	6,796	6,576	220
Total Undist. Expend. - Educational Media Services/School Lib	50,139	4,122	54,261	52,726	1,535
Undist. Expend. - Instruction Staff Training Services					
Salaries of supervisors of instruction	-	-	-	-	-
Other salaries	-	-	-		-
Purchased professional - educational services	2,500	(2,499)	1	(1,037)	1,038
Other purchased services (400-500 series)	1,000	(962)	38	25	13
Supplies and materials	-	431	431	182	249
Other objects	3,000	352	3,352	3,198	154
Total Undist. Expend. - Instruction Staff Training Services	6,500	(2,678)	3,822	2,368	1,454
Undist. Expend. - Support Service - General Administration					
Salaries	75,348	(343)	75,005	74,916	89
Superintendant - Secretary	-	-	-	-	-
Substitutes salaries	-	-	-	-	-
Treasurer salary	-	-	-	-	-
Legal services	11,000	15,721	26,721	26,719	2
Audit fees	11,000	-	11,000	11,000	-
Other purchased professional services	2,500	(1,441)	1,059	1,058	1
Purchased technical services	-	-	-	-	-
Communications/Telephone - Bus	3,300	697	3,997	3,726	271
Communications	-	-	-	-	-
Communications - Techn	-	-	-	-	-
BOE other purchased prof. svc.	500	(500)	-	-	-
Other purchased services (400-500 series)	4,900	171	5,071	5,065	6
General supplies	2,500	1,444	3,944	3,943	1
BOE membership dues and fees	8,442	(1,396)	7,046	7,045	1
Supplies and materials	-	-	-	-	-
Miscellaneous expenditures - Board of Ed	1,000	(515)	485	485	-
Miscellaneous expenditures - Superintendant	-	-	-	-	-
Total Undist. Expend. - Support Service - General Administrat	120,490	13,838	134,328	133,957	371
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	70,034	(250)	69,784	69,697	87
Salaries of secretarial and clerical assistants	970	-	970	969	1
Other purchased services (400-500 series)	3,000	(1,125)	1,875	1,119	756
Supplies and materials	2,000	2,075	4,075	4,053	22
Other objects	1,000	(700)	300	49	251
Total Undist. Expend. - Support Service - School Administrati	77,004	-	77,004	75,887	1,117
Undist. Expend. - Central Services					
Salaries	76,423	-	76,423	76,055	368
Purchased professional services	1,500	-	1,500	951	549
Supplies and materials	1,000	2,607	3,607	3,487	120
Interest on lease purchase agreements	-	-	-	-	
Other objects	2,835	-	2,835	2,456	379
Total Undist. Expend. - Central Services	81,758	2,607	84,365	82,949	1,416
Undist. Expend. - Admin. Info. Technology					
Salaries	3,043	-	3,043	3,028	15
Supplies and materials	-	-	-	-	-
Total Undist. Expend - Admin. Info. Technology	3,043	-	3,043	3,028	15
Undist. Expend. - Required Maintenance for School Facilities					
Salaries	-	-	-	-	-
Cleaning, repair and maintenance services	60,300	964	61,264	61,229	35
General supplies	6,000	(2,616)	3,384	2,412	972
Total Undist. Expend. - Allowed Maintenance for School Facili	66,300	(1,652)	64,648	63,641	1,007
Undist. Expend. - Other Operation & Maintenance of Plant					
Salaries - Custodians	127,966	15,030	142,996	140,776	2,220
Salaries - Café./Playground Aides	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-
Cleaning, repair and maintenance services - up keep	11,000	(7,184)	3,816	3,816	-
Rental of land and building other than lease		-			
Cleaning, repair and maintenance services - equip	-	-	-	-	-
Other purchased property services	6,000	(1,943)	4,057	4,056	1
Insurance	25,000	1,514	26,514	26,514	-
Miscellaneous purchased services	2,800	(1,600)	1,200	132	1,068
General supplies	10,000	4,405	14,405	13,799	606
Energy (Heat and Electricity)	65,000	(2,109)	62,891	53,072	9,819
Other objects	-	500	500	26	474
Salaries of Non-Instructional Aides	19,938	(3,621)	16,317	14,991	1,326
Energy (Natural Gas)	21,500	-	21,500	13,432	8,068
Total Undist. Expend. - Other Operation & Maintenance Of Plar	289,204	4,992	294,196	270,614	23,582

Exhibit C-1

SEA GIRT SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Services					
Salaries for pupil transportation(between home and school)-	-	-			-
Salaries for pupil transportation(between home and school)-	-	-	-	-	-
Salaries for pupil trans. (other than between home and scho	8,726	-	8,726	8,722	4
Other purchased professional services	-	-	-	-	-
Cleaning, repair and maintenance services	-	-	-	-	-
Lease purchase payments - School buses	-	-	-	-	-
Contract services (other than between home & school) - Ven	14,000	770	14,770	14,769	1
Contract services -(between home and school)-Joint	-	-	-	-	-
Contract services - (special education students) - Vendors	-	-	-	-	-
Contract services-(special education students)-Joint	-	-	-	-	-
Contract services-(special education students)-ESC's & CTSA	36,800	(2,289)	34,511	26,134	8,377
Contract services-(regular students)ESC's & CTSA's	20,400	2,289	22,689	22,689	-
Aid in lieu of payments	13,600	(10,120)	3,480	3,000	480
Miscellaneous purchased services - Transportation	-	-	-	-	-
Supplies and materials - Gasoline and diesel	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Miscellaneous expenditures	-	-	-	-	-
Total Undist. Expend. - Student Transportation Services	93,526	(9,350)	84,176	75,314	8,862
UNALLOCATED EMPLOYEE BENEFITS					
Group insurance					-
Social security contributions	39,883	7,265	47,148	43,248	3,900
Other retirement contributions - regular	36,783	-	36,783	34,909	1,874
P.E.R.S. Contribution	-	-		-	-
Workmen's compensation	30,913	(650)	30,263	28,457	1,806
Health benefits	394,788	(25,999)	368,789	345,555	23,234
Tuition reimbursement	26,882	(15,604)	11,278	10,175	1,103
Other employee benefits	7,240	12,601	19,841	19,841	-
TOTAL UNALLOCATED EMPLOYEE BENEFITS	536,489	(22,387)	514,102	482,185	31,917
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	98,861	(98,861)
Reimbursed TPAF social security contributions (non-budgeted	-	-	-	120,823	(120,823)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	219,684	(219,684)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	536,489	(22,387)	514,102	701,869	(187,767)
TOTAL UNDISTRIBUTED EXPENDITURES	2,721,237	(63,874)	2,657,363	2,772,265	(114,902)
Transfer to Cover Deficit (enterprise fund)	-	-	-	-	-
TOTAL GENERAL CURRENT EXPENSE	4,241,570	18,630	4,260,200	4,341,493	(81,293)
CAPITAL OUTLAY					
Equipment	-	-	-	-	-
Regular Programs - Instruction:					
Grades 1-5					-
Grades 6-8	-	-	-	-	-
Special Education - Instruction:					
Multiple disabilities	-	-	-	-	
Basic skills/Remedial - Instruction	-	-	-	-	-
Bilingual education - Instruction	-	-	-	-	-
School - Sponsored and other instructional program	-	-	-	-	-
Undistributed:					
Undistributed expenditures - Instruction	30,000	(15,904)	14,096	14,096	-
Undistributed expenditures - Instructional equip.	-	20,750	20,750	20,750	-
Undistributed expenditures - Support services - Regular	-	-	-	-	-
Undistributed expenditures - Support services - Special	-	-	-	-	-
Undistributed expenditures - General administration	-	-	-	-	-
Undistributed expenditures - School administration	-	-	-	-	-
Undistributed expenditures - Operation & maint. of plant se	-	-			-
Undistributed expenditures - Student transportation	-	-	-	-	-
Undistributed expenditures - Business/Other support service	-	-	-	-	-
Total Equipment	30,000	4,846	34,846	34,846	-
Facilities Acquisition and Construction Services					
Current capital outlay transfer - Capital projects					-
Land and improvements					
Construction services	-	-	-	-	-
Capital reserve	-	-	-	-	-
Current capital		-	-	-	-
Interest earned on capital reserve	1,200	(1,200)	-	-	-
Auditory impaired	-	-	-	-	-
Total Facilities Acquisition and Construction Services	1,200	(1,200)	-	-	-
Capital reserve - Transfer to	-	-	-	-	-
TOTAL CAPITAL OUTLAY	31,200	3,646	34,846	34,846	-

Exhibit C-1

SEA GIRT SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of teachers	-	-	-	-	-
Total Summer School - Instruction	-	-	-	-	-
Summer School - Support Services					
Salaries	-	-	-	-	-
Total Summer School - Support Services	-	-	-	-	-
Total Summer School	-	-	-	-	-
TOTAL SPECIAL SCHOOLS	-	-	-	-	-
TOTAL EXPENDITURES	4,272,770	22,276	4,295,046	4,376,339	(81,293)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	102,000	102,000	198,290	96,290
Other Financing Uses:					
Operating Transfer Out	-	-	-	32,501	(32,501)
Total Other Financing Sources:	-	-	-	32,501	(32,501)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses	-	102,000	102,000	165,789	63,789
Fund Balance, July 1	554,483	-	554,483	554,483	-
Fund Balance, June 30	$ 554,483	$ 102,000	$ 656,483	720,272	$ 63,789

Recapitulation:	
Reserve for encumbrances	434
Legally restricted-designated for subsequent year's expenditures	87,920
Maintenance reserve	60,000
Tuition reserve	25,000
Reserve for excess surplus	4,259
Excess surplus	14,272
Capital reserve	121,357
Unrestricted/undesignated fund balance	407,030
Reconciliation to governmental funds statements (GAAP)	
Last state aid payment not recongized on GAAP basis	(19,125)
Fund balance per governmental funds (GAAP)	387,905

Exhibit C-2

SEA GIRT SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	$ -	$ -	$ -	$ -	$ -
State sources	-	-	-	-	-
Federal sources	104,461	3,265	107,726	78,886	(28,840)
Total Revenues	104,461	3,265	107,726	78,886	(28,840)
EXPENDITURES					
Instruction:					
Salaries of teachers	2,500	-	2,500	2,500	-
Other salaries for instruction	-	-	-	-	-
Purchased professional services	241	-	241	241	-
General supplies	5,501	-	5,501	5,501	-
Tuition	-	-	-	-	-
Total instruction	8,242	-	8,242	8,242	-
Support services:					
Salaries of program director		-			-
Personal services - employee benefits	500	-	500	500	-
Purchased professional - educational services	38,702	3,265	41,967	38,702	3,265
Other purchased professional services	42,757	-	42,757	26,182	16,575
Purchased technical services	7,260	-	7,260	5,260	2,000
Travel		-		-	-
Indirect costs	-	-	-	-	-
Other purchased services (400-500 series)	7,000	-	7,000	-	7,000
Miscellaneous expenditures		-		-	-
Supplies & materials		-			-
Total support services	96,219	3,265	99,484	70,644	28,840
EXPENDITURES (CONT'D):					
Facilities acquisition and const. serv.:					
Instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-
Total expenditures	104,461	3,265	107,726	78,886	28,840
Other financing sources (uses)					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
	-	-	-	-	-
Total outflows	104,461	3,265	107,726	78,886	28,840
Excess (deficiency) of revenues Over (under) expenditures	$ -	$ -	$ -	$ -	$ -

Reconciliation to governmental funds statements (GAAP)	
Last state aid payment not recongized on GAAP basis	-
Fund balance per governmental funds (GAAP)	$ -

Exhibit C-3

SEA GIRT SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2010

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	**[C-1]**	$ 4,574,629	**[C-2]**	$ 78,886
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year		(19,125)		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes		15,470		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	**[B-2]**	$ 4,570,974	**[B-2]**	$ 78,886
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	**[C-1]**	$ 4,376,339	**[C-2]**	$ 78,886
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	**[B-2]**	$ 4,376,339	**[B-2]**	$ 78,886

Exhibit E-1

SEA GIRT SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	IDEA PRESCHOOOL 09/10	IDEA Basic 09/10	ARRA IDEA PRESCHOOL 09/10	ARRA IDEA BASIC 09/10
Revenues:				
Local sources	$ -	$ -	$ -	$ -
State sources	-	-	-	-
Federal sources	3,270	45,027	1,587	20,260
Total revenues	3,270	45,027	1,587	20,260
Expenditures:				
Instruction:				
Salaries of teachers	-	-	-	-
Other salaries/instruction	-	-	-	-
Purchased professional services	-	-	-	-
General supplies	-	-	-	-
Tuition	-	-	-	-
Textbooks	-	-	-	-
Miscellaneous expenses	-	-	-	-
Total instruction	-	-	-	-
Support services:				
Other support services - students - special:				
Other professional staff salaries	-	-	-	-
Secretarial/Clerical salaries	-	-	-	-
Purchased professional services	-	37,115	1,587	-
Other purchased professional services	3,270	7,912	-	- 15,000
Purchased technical services	-	-	-	5,260
Employee benefits	-	-	-	-
Travel	-	-	-	-
Miscellaneous purchased services	-	-	-	-
General supplies	-	-	-	-
Miscellaneous expenses	-	-	-	-
Total other support services - students - special	3,270	45,027	1,587	20,260
Total support services	3,270	45,027	1,587	20,260
Equipment:				
Regular programs instruction	-	-	-	-
Non-instructional equipment	-	-	-	-
Total equipment	-	-	-	-
Total expenditures	$ 3,270	$ 45,027	$ 1,587	$ 20,260

(Continued on next page)

Exhibit E-1

SEA GIRT SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

(Continued from prior page)

	Title IV 09/10	Title II Part D 09/10	Total 2010
Revenues:			
Local sources	$ -	$ -	$ -
State sources	-	-	-
Federal sources	241	8,501	78,886
Total revenues	241	8,501	78,886
Expenditures:			
Instruction:			
Salaries of teachers	-	2,500	2,500
Other salaries/instruction	-	-	-
Purchased professional services	241	-	241
General supplies	-	5,501	5,501
Tuition	-	-	-
Textbooks	-	-	-
Miscellaneous expenses	-	-	-
Total instruction	241	8,001	8,242
Support services:			
Other support services - students - special:			
Other professional staff salaries	-	-	-
Secretarial/Clerical salaries	-	-	-
Purchased professional services	-	-	38,702
Other purchased professional		-	-
services	-	-	26,182
Purchased technical services	-	-	5,260
Employee benefits	-	500	500
Travel	-	-	-
Miscellaneous purchased services	-	-	-
General supplies	-	-	-
Miscellaneous expenses	-	-	-
Total other support services - students - special	-	500	70,644
Total support services	-	500	70,644
Equipment:			
Regular programs instruction	-	-	-
Non-instructional equipment	-	-	-
Total equipment	-	-	-
Total expenditures	$ 241	$ 8,501	$ 78,886

Exhibit F-1

Sea Girt School District
Capital Projects Fund
Summary Schedule of Revenus, Expenditures, and
Changes in Fund Balance-Budgetary Basis
For the Year Ended June 30, 2010

Revenues and Other Financing Sources	
Municipal Inter-local agreement	$ -
Bond proceeds and transfers	-
Contribution from private source	-
Transfer from capital reserve	-
Transfer from capital outlay	501
Total revenues	501
Expenditures and Other Financing Uses	
Purchased professional and technical services	13,597
Land and improvements	-
Construction services	51,105
Other objects	2,822
Equipment purchases	-
Total expenditures	67,524
Excess (deficiency) of revenues over (under) expenditures	(67,023)
Fund balance - beginning	80,519
Fund balance - ending	$ 13,496

Exhibit F-2

Sea Girt School District
Capital Projects Fund
Summary Schedule of Revenus, Expenditures, and
Changes in Fund Balance-Budgetary Basis
HVAC and HVAC Relocation Project
From Inception and for the Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	$ 918,976	$ -	$ 918,976	$ 918,976
Bond proceeds and transfers	1,262,000	-	1,262,000	1,162,000
Lease proceeds	183,117	-	183,117	-
Transfer from general fund	262	-	262	-
Transfer from capital outlay	11	-	11	11
Total revenues	2,364,366	-	2,364,366	2,080,987
Expenditures and Other Financing Uses				
Purchased prof. and technical serv.	334,247	-	334,247	320,000
Land and improvements	-	-	-	-
Construction services	1,985,753	-	1,985,753	2,013,366
Other objects	30,870	-	30,870	31,000
Equipment purchases	-	-	-	-
Total expenditures	2,350,870	-	2,350,870	2,364,366
Excess (deficiency) or revenues over (under) expenditures	$ 13,496	$ -	$ 13,496	$ (283,379)

Additional project information:	
Project Number	SP 202165 & 202931
Grant Date	8/23/02 & 8/27/03
Bond Authorization Date	12/11/2001
Bonds Authorized	1,162,000
Bonds Issued	1,162,000
Original Authorized Cost	2,364,366
Additional Authorized Cost	-
Revised Authrorized Cost	2,364,366
Percentage Increase over Original Authorized Cost	-
Percentage Completion	-
Original target completion date	-
Revised target completion date	-

Exhibit F-2

Sea Girt School District
Capital Projects Fund
Summary Schedule of Revenus, Expenditures, and
Changes in Fund Balance-Budgetary Basis
South Grounds Maintenance
From Inception and for the Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Municipal Inter-local agreement	$ 238,000		$ 238,000	$ 238,000
Bond proceeds and transfers	-	-	-	-
Contribution from private sources	155,000	-	155,000	155,000
Transfer from capital reserve	15,000	-	15,000	15,000
Transfer from capital outlay	65,000	501	65,501	65,000
Total revenues	473,000	501	473,501	473,000
Expenditures and Other Financing Uses				
Purchased prof. and technical serv.	70,536	13,597	84,133	35,000
Land and improvements	-	-	-	-
Construction services	332,891	51,105	383,996	170,000
Other objects	2,550	2,822	5,372	-
Equipment purchases	-	-	-	-
Total expenditures	405,977	67,524	473,501	205,000
Excess (deficiency) or revenues over (under) expenditures	$ 67,023	$ (67,023)	$ -	$ 268,000

Additional project information:	
Project Number	N/A
Grant Date	
Bond Authorization Date	
Bonds Authorized	
Bonds Issued	
Original Authorized Cost	473,000
Additional Authorized Cost	-
Revised Authrorized Cost	473,000
Percentage Increase over Original Authorized Cost	-
Percentage Completion	-
Original target completion date	-
Revised target completion date	-

Exhibit G-1

Sea Girt School District
Enterprise Fund
Statement of Net Assets
June 30, 2010

	2010
Assets:	
Current assets:	
Cash and cash equivalents	$ 149,352
Accounts receivable:	
State	-
Federal	-
Interfunds	-
Total current assets	149,352
Fixed assets:	
Equipment	12,902
Technology Center	1,081,267
Accumulated depreciation	(28,530)
Construction in progress	-
Total fixed assets	1,065,639
Total assets	$ 1,214,991
Liabilities and Fund Equity:	
Liabilities:	
Accounts payable	-
Revenue anticipation loan	-
Total liabilities	-
Net assets:	
Invested in capital assets, net of related debt	1,065,639
Restricted for other purposes	-
Unrestricted net assets	149,352
Total fund equity	1,214,991
Total liabilities and fund equity	$ 1,214,991

Exhibit G-2

Sea Girt School District
Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
for the Fiscal Years ended June 30, 2010

	2010
Operating revenues:	
Local sources:	
Royalties	$ 189,752
Total operating revenues	189,752
Operating expenses:	
Administrative salaries and benefits	29,202
Professional fees	3,924
Other purchased services	-
Supplies and materials	23,086
Depreciation	22,037
Dues and subscriptions	200
Repairs	-
Cost of sales	-
Total operating expenses	78,449
Operating income	111,303
Nonoperating revenues (expenses):	
Local sources:	
Interest income	730
Interest expense	(2,092)
Total nonoperating revenues (expenses)	(1,362)
Change in net assets	109,941
Total net assets beginning	1,105,050
Total net assets ending	$ 1,214,991

Exhibit G-3

SEA GIRT SCHOOL DISTRICT
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2010

	Business-type Activities Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 189,752
Payments to employees	(29,202)
Payments for employee benefits	-
Payments to suppliers	(27,210)
Net cash provided by operating activities	133,340
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	-
Interest income	730
Interest expense	(2,092)
Net cash provided by non-capital financing activities	(1,362)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from revenue anticipation loan	-
Payments on revenue anticipation loan	(150,000)
Purchases of capital assets	(8,421)
Net cash provided by (used for) capital and related financing activities	(158,421)
Net increase in cash and cash equivalents	(26,443)
Balances—beginning of year	175,795
Balances—end of year	$ 149,352
Reconciliation of operating loss to net cash used in operating activities:	
Operating income	$ 111,303
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	22,037
Federal commodities	-
Decrease in interfund receivable, net	-
Decrease in accounts receivable, net	-
Increase in inventories	-
Decrease in interfund payable	-
Increase in accounts payable	-
Total adjustments	22,037
Net cash provided by operating activities	$ 133,340

Exhibit H-1

SEA GIRT SCHOOL DISTRICT
Statement of Agency Fund Assets and Liabilities
Fiduciary Funds
June 30, 2010

	Unemployment Compensation Trust	Student Activity	Agency Fund
ASSETS			
Cash and cash equivalents	$ 15,394	$ 5,413	$ 11,486
Investments	-	-	-
Intergovernmental accounts receivable	-	-	-
Interfund receivable	32,000	-	-
Total assets	47,394	5,413	11,486
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Payroll deductions and withholdings	-	-	11,486
Payable to student groups	-	5,413	-
Interfund payable	-	-	-
Other current liabilities	-	-	-
Total liabilities	-	5,413	11,486
NET ASSETS			
Held in trust for unemployment claims and other purposes	47,394	-	-
Total net assets	47,394	-	-
Total liabilities and net assets	$ 47,394	$ 5,413	$ 11,486

Exhibit H-2

SEA GIRT SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	$ 1,410
Other-transfer in	32,000
Total contributions	33,410
Investment earnings:	
Net increase (decrease) in fair value of investments	-
Interest	56
Dividends	-
Less investment expense	-
Net investment earnings	56
Total additions	33,466
DEDUCTIONS	
Quarterly contribution reports	-
Unemployment claims	9,986
Scholarships awarded	-
Refunds of contributions	-
Administrative expenses	-
Total deductions	9,986
Change in net assets	23,480
Net assets—beginning of the year	23,914
Net assets—end of the year	$ 47,394

Exhibit H-3

SEA GIRT SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2010

	Balance July 1, 2009	Receipts	Disbursements	Balance June 30, 2010
General funds	$ 3,884	$ 1,161	$ (2,905)	$ 2,140
Class funds	916	19,858	(17,501)	3,273
Total all schools	$ 4,800	$ 21,019	$ (20,406)	$ 5,413

Exhibit H-4

SEA GIRT SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2010

	Balance July 1, 2009	Cash Receipts	Cash Disbursements	Balance June 30, 2010
Payroll deductions and withholdings	11,883	967,661	(968,058)	11,486
Totals	$ 11,883	$ 967,661	$ (968,058)	$ 11,486

Exhibit I-1

SEA GIRT SCHOOL DISTRICT
Long-Term Debt
Statement of Serial Bonds
June 30, 2010

Issue	Date of Issue	Amount Of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010
HVAC project	2/1/2002	1,162,000	2/1/2011	140,000	4.00%	357,000	-	135,000	222,000
			2/1/2012	82,000	4.00%				
						357,000	-	135,000	222,000

Exhibit I-3

SEA GIRT SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative Final to Actual
REVENUES:					
Local Sources:					
Local tax levy	$ 149,280	$ -	$ 149,280	$ 149,280	$ -
Miscellaneous	-	-	-	-	-
Total Revenues	149,280	-	149,280	149,280	-
EXPENDITURES:					
Regular Debt Service:					
Interest	14,280	-	14,280	14,280	-
Redemption of principal	135,000	-	135,000	135,000	-
Total Regular Debt Service	149,280	-	149,280	149,280	-
Total expenditures	149,280	-	149,280	149,280	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources:					
Operating transfers in:					
Transfer from Enterprise Fund	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	$ -	$ -	$ -	$ -	$ -
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	$ -	$ -	$ -	$ -	$ -

STATISTICAL SECTION

Sea Girt School District
Statistical Section

Contents **Page**

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time. **71-75**

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax. **76-79**

Debt Capacity

These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future. **80-83**

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place. **84-85**

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs. **86-90**

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

Exhibit J-1

SEA GIRT SCHOOL DISTRICT
Net Assets by Component
Last Six Fiscal Years*
UNAUDITED

(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010
Governmental activities						
Invested in capital assets, net of related debt	$ 2,853,271	$ 2,879,430	$ 2,936,588	$ 3,250,516	$ 3,436,653	$ 3,540,631
Restricted	262,410	214,425	329,546	386,314	270,313	326,738
Unrestricted	49,699	48,441	209,310	241,055	305,235	352,727
Total governmental activities net assets	$ 3,165,380	$ 3,142,296	$ 3,475,444	$ 3,877,885	$ 4,012,201	$ 4,220,096
Business-type activities						
Invested in capital assets, net of related debt	$ -	$ -	$ -	$ -	$ 929,255	$ 1,065,639
Restricted	-	-	-	919,950	-	-
Unrestricted	-	-	720,598	238,132	175,795	149,352
Total business-type activities net assets	$ -	$ -	$ 720,598	$ 1,158,082	$ 1,105,050	$ 1,214,991
District-wide						
Invested in capital assets, net of related debt	$ 2,853,271	$ 2,879,430	$ 2,936,588	$ 3,250,516	$ 4,365,908	$ 4,606,270
Restricted	262,410	214,425	329,546	1,306,264	270,313	326,738
Unrestricted	49,699	48,441	929,908	479,187	481,030	502,079
Total district net assets	$ 3,165,380	$ 3,142,296	$ 4,196,042	$ 5,035,967	$ 5,117,251	$ 5,435,087

* GASB requires that ten years of statistical data be presented, however in current year only the years above need to be presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

Exhibit J-2

SEA GIRT SCHOOL DISTRICT
Changes in Net Assets
Last Six Fiscal Years*
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Expenses						
Governmental activities						
Instruction						
Regular	$ 1,019,224	$ 1,035,717	$ 1,142,415	$ 1,227,542	$ 1,179,181	$ 1,245,862
Special education	36,963	120,082	124,760	130,033	244,326	250,424
Other special education	81,999	59,994	75,064	68,764	72,998	81,184
Support Services:						
Instruction	694,060	810,496	762,759	1,054,712	1,064,404	984,230
Attendance and social work	9,771	20,316	22,239	23,240	24,614	25,521
Health services	46,949	48,396	53,319	55,357	61,977	69,609
Improvement of instr. services	26,278	42,097	43,351	44,375	46,527	48,189
Educational media services	61,170	55,979	55,413	57,775	47,097	52,726
Instruction staff training	1,626	1,022	2,074	16,100	2,369	2,368
School Administrative services	90,426	61,540	62,846	72,778	72,917	75,887
General administration	153,271	125,315	123,348	127,431	120,072	133,957
Central Services	105,532	84,982	86,362	74,593	78,434	82,949
Plant operations and maintenance	384,220	373,443	398,748	377,125	418,970	473,632
Administrative information technology	5,000	5,235	2,798	3,723	2,926	3,028
Pupil transportation	61,003	90,890	80,266	69,360	82,133	75,314
Other support services	208,507	249,731	236,714	167,406	276,234	253,007
Special Schools	-	-	-	-	-	-
Interest on long-term debt	36,478	32,628	28,603	24,163	19,350	14,280
Unallocated employee benefits	344,863	415,565	434,332	482,588	490,731	467,394
Total governmental activities expenses	3,367,340	3,633,428	3,735,411	4,077,065	4,305,260	4,339,561
Business-type activities:						
Enterprise fund	-	-	-	437,484	(188,128)	(109,211)
Child Care	-	-	-	-	-	-
Total business-type activities expense	-	-	-	437,484	(188,128)	(109,211)
Total district expenses	$ 3,367,340	$ 3,633,428	$ 3,735,411	$ 4,514,549	$ 4,117,132	$ 4,230,350
Net (Expense)/Revenue						
Governmental activities	(3,367,340)	(3,633,428)	(3,735,411)	(4,077,065)	(4,305,260)	(4,339,561)
Business-type activities	-	-	-	(437,484)	188,128	109,211
Total district-wide net expense	$ (3,367,340)	$ (3,633,428)	$ (3,735,411)	$ (4,514,549)	$ (4,117,132)	$ (4,230,350)
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes levied for general purposes,	$ 3,087,712	$ 3,187,567	$ 3,473,180	$ 3,732,953	$ 3,872,939	$ 3,940,715
Taxes levied for debt service	143,204	147,628	148,603	99,163	149,350	149,280
Unrestricted grants and contributions	190,100	193,755	197,151	223,030	291,260	277,649
State aid - restricted	-	63,360	59,459	57,047	59,021	78,886
Tuition Received	-	-	-	-	-	-
Investment earnings	13,440	17,790	30,364	20,902	3,551	591
Miscellaneous income	11,668	244	159,802	346,411	63,455	100,335
Transfers	-	-	-	-	-	-
Total governmental activities	3,446,124	3,610,344	4,068,559	4,479,506	4,439,576	4,547,456
Business-type activities:						
Investment earnings	-	-	-	-	8,840	730
Transfers	-	-	-	-	-	-
Total business-type activities	-	-	-	-	8,840	730
Total district-wide	$ 3,446,124	$ 3,610,344	$ 4,068,559	$ 4,479,506	$ 4,448,416	$ 4,548,186
Change in Net Assets						
Governmental activities	78,784	(23,084)	333,148	402,441	134,316	207,895
Business-type activities	-	-	-	-	196,968	109,941
Total district	$ 78,784	$ (23,084)	$ 333,148	$ 402,441	$ 331,284	$ 317,836

* GASB requires that ten years of statistical data be presented, however in current year only the years above need to be presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

Exhibit J-3

SEA GIRT SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Six Fiscal Years*
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	$ 209,490	$ 163,380	$ 107,137	$ 130,686	$ 183,809	$ 313,242
Unreserved	87,499	87,786	243,984	258,564	355,204	387,905
Total general fund	$ 296,989	$ 251,166	$ 351,121	$ 389,250	$ 539,013	$ 701,147
All Other Governmental Funds						
Reserved	$ 56,194	$ 54,319	$ 45,661	$ 99,796	$ 5,985	$ -
Unreserved, reported in:						
Special revenue fund	-	-	-	-	-	-
Capital projects fund	-	-	176,748	165,832	80,519	13,496
Debt service fund	(3,274)	(3,274)	-	-	-	-
Permanent fund	-	-	-	-	-	-
Total all other governmental funds	$ 52,920	$ 51,045	$ 222,409	$ 265,628	$ 86,504	$ 13,496

* GASB requires that ten years of statistical data be presented, however in current year only the years above need to be presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

Exhibit J-4

SEA GIRT SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax levy	2,889,765	2,990,945	3,099,393	3,230,595	3,230,916	3,335,195	3,621,783	3,832,116	4,022,289	4,089,995
Tuition charges	-	-	-	-	-	-	-	51,700	79,700	130,954
Interest earnings	-	-	-	5,094	13,440	17,790	30,364	20,902	3,551	591
Miscellaneous	39,006	24,917	26,197	4,475	11,668	244	159,802	244,711	3,101	1,381
State sources	309,153	257,847	314,428	378,727	409,002	421,879	428,108	559,435	508,673	497,333
Federal sources	31,428	44,277	50,877	60,105	59,868	58,859	58,958	57,047	59,021	78,886
Total revenue	3,269,352	3,317,986	3,490,895	3,678,996	3,724,894	3,833,967	4,299,015	4,765,911	4,676,335	4,799,140
Expenditures										
Instruction										
Regular Instruction	977,502	1,044,974	978,062	1,041,400	996,274	1,035,717	1,142,415	1,227,542	1,179,181	1,245,862
Special education instruction	42,008	44,507	21,585	39,085	36,963	120,082	124,760	130,033	244,326	250,424
Other special instruction	42,785	49,753	55,945	70,519	81,999	59,994	75,064	68,764	72,998	81,184
Support Services:										
Tuition	788,572	790,632	646,091	649,815	694,060	810,496	762,759	1,054,712	1,064,404	984,230
Student & inst. related services	158,498	181,874	190,236	275,248	313,383	167,810	176,396	196,847	182,584	198,413
General administration	124,984	126,495	154,315	146,314	153,271	123,440	123,348	127,431	120,072	133,957
School administrative services	77,593	81,899	97,387	93,706	90,426	61,540	62,846	72,778	72,917	75,887
Central services	-	-	-	-	105,532	84,982	86,362	74,593	78,434	82,949
Admin. information technology	-	-	-	-	5,000	5,235	2,798	3,723	2,926	3,028
Plant operations and maintenance	243,234	286,865	297,115	281,611	297,835	275,405	295,596	316,305	310,126	334,255
Pupil transportation	73,223	86,972	88,011	111,147	61,003	90,890	80,266	69,360	82,133	75,314
Other Support Services	-	-	119,160	138,397	-	249,731	236,714	167,406	276,234	253,007
Employee benefits	457,997	464,878	312,107	336,639	343,908	637,643	669,459	826,158	685,684	701,869
Special Schools	5,940	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	140,000	147,000	100,000	105,000	110,000	115,000	120,000	125,000	130,000	135,000
Interest and other charges	9,331	3,161	43,653	40,153	36,478	32,628	28,603	24,163	19,350	14,280
Capital outlay	-	-	-	-	-	-	-	249,748	184,327	108,355
Total expenditures	3,141,667	3,309,010	3,103,667	3,329,034	3,326,132	3,870,593	3,987,386	4,734,563	4,705,696	4,678,014
Excess (Deficiency) of revenues over (under) expenditures	127,685	8,976	387,228	349,962	398,762	(36,626)	311,629	31,348	(29,361)	121,126
Other Financing sources (uses)										
Transfers in	-	-	-	-	-	-	-	80,000	-	501
Transfers out	-	-	-	-	-	-	-	(30,000)	-	(32,501)
Total other financing sources (uses)	-	-	-	-	-	-	-	50,000	-	(32,000)
Net change in fund balances	127,685	8,976	387,228	349,962	398,762	(36,626)	311,629	81,348	(29,361)	89,126
Debt service as a percentage of noncapital expenditures	0.045	0.044	0.032	0.032	0.033	0.038	0.037	0.079	0.067	0.052

Source: District records

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

Exhibit J-5

SEA GIRT SCHOOL DISTRICT
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Sale of Capital Assets	Donations	Rentals	Prior Year Refunds	Sale and Leaseback of Textbooks	Miscellaneous	Annual Totals
2001	-	-	-	-	-	14,498	14,498
2002	-	-	-	3,436	-	745	4,181
2003	-	-	-	-	-	2,034	2,034
2004	-	-	-	879	-	2,421	3,300
2005	-	-	-	-	-	11,668	11,668
2006	-	-	-	-	-	224	224
2007	-	-	-	-	-	1,528	1,528
2008	-	-	-	-	-	6,711	6,711
2009	-	-	-	-	-	3,101	3,101
2010	-	-	-	-	-	3,480	3,480

Source: District records

Exhibit J-6

SEA GIRT SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
UNAUDITED

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less : Tax Exempt Property	Public Utilities [a]	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate [b]
2001	9,344,900	550,653,250	-	-	19,288,800	-	-	579,286,950	112,576,000	236,031	466,946,981	466,946,981	0.516
2002	12,205,200	553,486,550	-	-	19,718,800	-	-	585,410,550	112,576,000	198,338	473,032,888	473,032,888	0.529
2003	13,125,800	561,428,850	-	-	19,718,800	-	-	594,273,450	112,576,000	184,089	481,881,539	481,881,539	0.543
2004	17,808,400	562,572,850	-	-	19,828,600	-	-	600,209,850	110,807,000	173,599	489,576,449	489,576,449	0.538
2005	34,487,600	1,838,215,700	-	-	38,978,000	-	-	1,911,681,300	306,555,500	326,614	1,605,452,414	1,605,452,414	0.174
2006	53,409,400	1,823,702,300	-	-	38,910,900	-	-	1,916,022,600	305,626,700	292,546	1,610,688,446	1,610,688,446	0.189
2007	70,010,100	1,819,634,300	-	-	37,510,500	-	-	1,927,154,900	305,626,700	301,856	1,621,830,056	1,621,830,056	0.199
2008	66,055,700	1,845,020,100	-	-	36,816,900	-	-	1,947,892,700	305,626,700	336,773	1,949,229,473	1,935,298,397	0.206
2009	58,836,700	1,862,687,500	-	-	36,816,900	-	-	1,958,341,100	303,160,800	484,288	1,958,341,100	1,997,517,624	0.209
2010	45,020,700	1,893,380,500	-	-	36,816,900	-	-	1,975,218,100	301,160,800	336,055	1,975,554,155	2,031,936,842	0.206

Source: Municipal Tax Assessor

Exhibit J-7

SEA GIRT SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
UNAUDITED
(rate per $100 of assessed value)

	Sea Girt School District Direct Rate			Overlapping Rates		
Fiscal Year Ended June 30,	Basic Rate [a]	General Obligation Debt Service [b]	(From J-6) Total Direct School Tax Rate	Municipal	Monmouth County	Total Direct and Overlapping Tax Rate
2001	0.489	0.027	0.516	0.522	0.608	1.646
2002	0.503	0.026	0.529	0.542	0.713	1.784
2003	0.518	0.025	0.543	0.567	0.760	1.870
2004	0.514	0.024	0.538	0.588	0.781	1.907
2005R	0.166	0.008	0.174	0.197	0.262	0.633
2006	0.181	0.008	0.189	0.216	0.264	0.669
2007	0.202	(0.003)	0.199	0.228	0.265	0.692
2008	0.206	0.003	0.206	0.242	0.253	0.701
2009	0.206	0.003	0.209	0.253	0.263	0.725
2010	-	-	0.206	0.264	0.278	0.748

Source: Municipal Tax Collector

R = Reevaluation

* GASB requires that ten years of statistical data be presented, however in current year only the years above need to be presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

Exhibit J-8

SEA GIRT SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Ten Years Ago
UNAUDITED

	2010			2000		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Taxpayer 1	$ 6,592,300		0.33%	$ 2,050,000		0.36%
Taxpayer 2	6,513,500		0.33%	1,998,900		0.35%
Taxpayer 3	6,123,900		0.31%	1,774,600		0.31%
Taxpayer 4	5,335,200		0.27%	1,724,300		0.30%
Taxpayer 5	5,309,700		0.27%	1,717,000		0.30%
Taxpayer 6	5,156,800		0.26%	1,711,300		0.30%
Taxpayer 7	5,107,000		0.26%	1,669,700		0.30%
Taxpayer 8	5,024,300		0.25%	1,633,800		0.29%
Taxpayer 9	4,928,000		0.25%	1,633,000		0.29%
Taxpayer 10	4,733,800		0.24%	1,617,300		0.29%
Total	$ 54,824,500		2.77%	$ 17,529,900		3.09%

Source: Municipal Tax Assessor

Exhibit J-9

SEA GIRT SCHOOL DISTRICT
Property Tax Levies and Collections,
Last Ten Fiscal Years
UNAUDITED

Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy [a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	9,641,783	9,553,017	99.08%	-
2002	10,562,251	10,501,712	99.43%	-
2003	11,214,985	11,132,421	99.26%	-
2004	11,654,755	11,585,002	99.40%	-
2005	12,140,064	11,905,056	98.06%	-
2006	12,886,639	12,793,730	99.28%	-
2007	13,466,085	13,364,611	99.25%	-
2008	13,744,638	13,598,434	98.94%	-
2009	14,187,901	13,928,134	98.17%	-
2010	14,775,597	-	0.00%	-

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

Exhibit J-10

SEA GIRT SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			
	General Obligation Bonds [b]	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2001	147,000	-	-	-	-	147,000	0.16%	94,787,943
2002	1,162,000	-	-	-	-	1,162,000	1.24%	93,585,759
2003	1,062,000	-	-	-	-	1,062,000	1.14%	93,289,492
2004	957,000	-	-	-	-	957,000	0.97%	98,675,400
2005	847,000	-	-	-	-	847,000	0.84%	101,047,344
2006	732,000	-	-	-	-	732,000	0.67%	108,462,934
2007	612,000	-	-	-	-	612,000	0.54%	112,396,851
2008	487,000	-	-	-	-	487,000	0.41%	117,369,340
2009	357,000	-	-	-	-	357,000	not available	not available
2010	222,000	-	-	-	-	222,000	not available	not available

Exhibit J-11

SEA GIRT SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	147,000	-	147,000	0.0315%	94,787,943
2002	1,162,000	-	1,162,000	0.2456%	93,585,759
2003	1,062,000	-	1,062,000	0.2204%	93,289,492
2004	957,000	-	957,000	0.1955%	98,675,400
2005	847,000	-	847,000	0.0528%	101,047,344
2006	732,000	-	732,000	0.0454%	108,462,934
2007	612,000	-	612,000	0.0377%	112,396,851
2008	487,000	-	487,000	0.0250%	117,369,340
2009	357,000	-	357,000	0.0182%	not available
2010	222,000	-	222,000	not available	not available

SEA GIRT SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Sea Girt Borough's Share (100%)	$ 3,699,108	100.000%	$ 3,699,108
County of Monmouth - Borough's Share (1.62%)	7,246,771	100.000%	7,246,771
Other debt	-		-
Subtotal, overlapping debt			10,945,879
Sea Girt School District Direct Debt			222,000
Total direct and overlapping debt			$ 11,167,879

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation. Debt outstanding data provided by each governmental unit.

Exhibit J-13

SEA GIRT SCHOOL DISTRICT
Legal Debt Margin Information,
Last Ten Fiscal Years
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2010

		Equalized valuation basis	
		2010	1,975,218,100
		2009	1,958,341,100
		2008	1,947,892,700
		[A]	5,881,451,900
Average equalized valuation of taxable property	**[A/3]**		$ 1,960,483,967
Debt limit (4 % of average equalization value)	**[B]**		78,419,359 **a**
Total Net Debt Applicable to Limit	**[C]**		222,000
Legal debt margin	**[B-C]**		$ 78,197,359

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	$ 18,118,093	$ 27,007,823	$ 29,659,184	$ 35,934,735	$ 48,652,193	$ 51,036,052	$ 76,731,451	$ 77,214,269	$ 77,778,516	$ 78,419,359
Total net debt applicable to l	147,000	1,162,000	1,062,000	957,000	847,000	732,000	612,000	487,000	357,000	222,000
Legal debt margin	$ 17,971,093	$ 25,845,823	$ 28,597,184	$ 34,977,735	$ 47,805,193	$ 50,304,052	$ 76,119,451	$ 76,727,269	$ 77,421,516	$ 78,197,359
Total net debt applicable to the limit as a percentage of debt	0.81%	4.30%	3.58%	2.66%	1.74%	1.43%	0.80%	0.63%	0.46%	0.28%

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

Exhibit J-14

SEA GIRT SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
UNAUDITED

Year	Population [a]	Personal Income [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2001R	2,161	94,787,943	43,863	2.4%
2002R	2,157	93,585,759	43,387	3.6%
2003R	2,138	93,289,492	43,634	3.6%
2004R	2,120	98,675,400	46,545	3.0%
2005R	2,102	101,047,344	48,072	3.2%
2006R	2,066	108,462,934	52,499	2.1%
2007	2,048	112,396,851	55,826	1.9%
2008	2,068	117,369,340	56,755	2.5%
2009	2,098	not available	not available	4.2%
2010	not available	not available	not available	not available

Source:

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

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

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

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

Exhibit J-15

SEA GIRT SCHOOL DISTRICT
Principal Employers,
Current Year and Ten Years Ago
UNAUDITED

	2010			2000		
Employer	**Employees**	**Rank [Optional]**	**Percentage of Total Municipal Employment**	**Employees**	**Rank [Optional]**	**Percentage of Total Municipal Employment**
Sea Girt Borough	Information not available	Information not available	Information not available	Information not available	Information not available	Information not available
Sea Girt Board of Education						
Rod's Tavern						
Harrigan's						
Fratello's						
Wachovia						
Sitar Realty						
Ocean Pointe Associates						
Greg's Auto Care						
Dr. John Little						
	-		0.00%	-		0.00%

Source:

Exhibit J-16

SEA GIRT SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Two Fiscal Years
UNAUDITED

Function/Program	2009	2010
Instruction		
Regular	18.5	17.42
Special education	3.2	5.0
Other special education	0.8	
Vocational		
Other instruction		
Nonpublic school programs		
Adult/continuing education programs		
Support Services:		
Student & instruction related services	5.8	4.0
General administration	1.5	1.5
School administrative services	1.0	1.0
Other administrative services		
Central services	1.5	1.5
Administrative Information Technology	1.0	1.0
Plant operations and maintenance	3.1	3.1
Pupil transportation		
Other support services		
Special Schools		
Food Service		
Child Care		
Total	36.4	34.5

Source: District Personnel Records

* GASB requires that ten years of statistical data be presented, however in current year only the years above need to be presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

Exhibit J-17

SEA GIRT SCHOOL DISTRICT
Operating Statistics,
Last Four Fiscal Years
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	237	3,552,262	14,988	1.13%	18.90	1:09	170.5	162.7	-2.57%	95.40%
2008	242	3,967,167	16,393	9.37%	20.50	1:08	167.9	159.2	-1.52%	94.80%
2009	244	4,099,787	16,802	2.50%	22.52	1:09	182.4	174.3	8.64%	95.60%
2010	239	4,097,515	17,144	2.04%	22.42	1:09	179.9	166.5	-1.37%	92.50%

Sources: District records

* GASB requires that ten years of statistical data be presented, however in current year only the years above need to be presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

Exhibit J-18

SEA GIRT SCHOOL DISTRICT
School Building Information
Last Five Fiscal Years*
UNAUDITED

	2006	2007	2008	2009	2010
District Building					
Elementary					
Sea Girt Elementary					
Square Feet	32,651	32,651	32,651	35,151	35,151
Capacity (students)	189	189	189	248	248
Enrollment	176	169	170	181	181
Other					
N/A					

Source: District Facilities Office

* GASB requires that ten years of statistical data be presented, however in current year only the years above need to be presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

Exhibit J-19

SEA GIRT SCHOOL DISTRICT
Schedule of Required Maintenance
Last Eight Fiscal Years*
UNAUDITED

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

** School Facilities Project # (s)	Sea Girt Elementary School	Other Facilities - Bus Garage	Total
2003	23,703	-	23,703
2004	79,130	-	79,130
2005	78,871	-	78,871
2006	60,774	-	60,774
2007	47,660	-	47,660
2008	55,516	-	55,516
2009	53,285	-	53,285
2010	63,641	-	63,641
Total School Facilities	$ 516,192	$ -	$ 516,192

* GASB requires that ten years of statistical data be presented, however in current year only the years above need to be presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

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

Source: District records

Exhibit J-20

SEA GIRT SCHOOL DISTRICT
Insurance Schedule
June 30, 2010
UNAUDITED

	Coverage	Deductible
School package policy -		
Property-blanket building & contents	$ 11,105,669	1,000
Blanket Extra expense	50,000,000	1,000
Blanket Valuable papers	10,000,000	1,000
Blanket Hardware/Software	250,000	1,000
Comprehensive General liability	11,000,000	1,000
Automobile	11,000,000	1,000
Medical coverage (per accident)	10,000	100
Flood	10,000,000	10,000
Earthquake	50,000,000	
Terrorism	1,000,000	1,000
Boiler & Machinery:Eqp Breakdown/Business Interruption	100,000,000	1,000
Personal injury & Advertising liability	11,000,000	1,000
Employee benefits liability	11,000,000	1,000
Demolition/Increased Cost of Construction	10,000,000	1,000
Forgery and alteration	250,000	1,000
Money and securities	50,000	1,000
Public employee dishonesty - per employee	250,000	1,000
Student Accident	500,000	-
Bodily injury		
General Liability	2,000,000	-
Employers' Liability	2,000,000	
Umbrella liability -		
Umbrella policy	6,000,000	10,000
School board legal liability		
Board legal liability	11,000,000	5,000
Public employee's faithful performance blanket:		
Busines Administrator - Selective Insurance Co.	89,000	-
Board secretary - Selective Insurance Co.	89,000	-
Treasurer - Selective Insurance Co.	150,000	-
Worker's compensation policy		-
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease	2,000,000	

Source: District Records

SINGLE AUDIT SECTION

JUMP, SCUTELLARO AND COMPANY, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS
12 LEXINGTON AVENUE TOMS RIVER, NJ 08753 PHONE (732) 240-7377 FAX (732) 505-8307 WEBSITE: jumpcpa com

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

Honorable President and
Members of the Board of Education
Borough of Sea Girt
County of Monmouth, New Jersey

We have audited the financial statements of the Board of Education of the Sea Girt Borough School District in the County of Monmouth, State of New Jersey as of and for the year ended June 30, 2010, and have issued our report thereon dated November 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board of Education of the Sea Girt Borough School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education of the Sea Girt Borough School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Sea Girt Borough School District'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 Board of Education of the Sea Girt Borough School District's financial statements that is more than inconsequential will not be prevented or detected by the Board of Education of the Sea Girt Borough School District'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 Board of Education of the Sea Girt Borough School District'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 Board of Education of the Sea Girt Borough School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Education of the Sea Girt Borough School District, management, 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.

Respectfully submitted,

JUMP, SCUTELLARO AND COMPANY, L.L.P.

Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 15, 2010

JUMP, SCUTELLARO AND COMPANY, L.L.P. CERTIFIED PUBLIC ACCOUNTANTS
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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 LETTER 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Sea Girt Borough 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 New Jersey OMB Circular 04-04* that are applicable to each of its major federal and state programs for the year ended June 30, 2010. The Board of Education of the Borough of Sea Girt'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 Borough of Sea Girt's management. Our responsibility is to express an opinion on the Board of Education of the Borough of Sea Girt'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 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 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 program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Borough of Sea Girt's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board of Education of the Borough of Sea Girt's compliance with those requirements.

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

This report is intended solely for the information of the board of education, management, 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.

Respectfully submitted,

JUMP, SCUTELLARO AND COMPANY, L.L.P.

Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 15, 2010

Exhibit K-3

SEA GIRT SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards, Schedule A

for the Fiscal Year ended June 30, 2010

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2009	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2010 Accounts Receivable	Balance at June 30, 2010 Deferred Revenue	Balance at June 30, 2010 Due to Grantor
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
Title II, Part A Improving Teacher Quali	84.010	NCLB 2010	10,501	9/1/09	8/31/10	-	-	8,501	(8,501)	-	-	-	-	-
Title IV	84.298	NCLB 2010	241	9/1/09	8/31/10	-	-	-	(241)	-	-	(241)	-	-
I.D.E.A. Part B, Basic Regular	84.027	IDEA 2010	45,027	9/1/09	8/31/10	-	-	45,027	(45,027)	-	-	-	-	-
I.D.E.A. Part B, Preschool	84.173	IDEA 2010	3,270	9/1/09	8/31/10	-	-	3,270	(3,270)	-	-	-	-	-
I.D.E.A. Part B - ARRA	84.391	IDEA469010	43,835	7/1/09	8/31/11			15,642	(20,260)			(4,618)		
ARRA - Preschool	84.392	IDEA469010	1,587	7/1/09	8/31/11	-	-	1,396	(1,587)	-	-	(191)	-	-
						-	-	73,836	(78,886)	-	-	(5,050)	-	-
Total Special Revenue Fund						-	-	73,836	(78,886)	-	-	(5,050)	-	-

See accompanying notes to schedules of expenditures.

Schedule K-4

SEA GIRT SCHOOL DISTRICT

Schedule of Expenditures of State Awards, Schedule B

for the Fiscal Year ended June 30, 2010

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2009 Deferred Revenue (Accts Receivable)	Balance at June 30, 2009 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2010 (Accounts Receivable)	Balance at June 30, 2010 Deferred Revenue/ Interfund Payable	Balance at June 30, 2010 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education															
General Fund:															
Transportation Aid	09-495-034-5120-014	12,477	7/1/08	6/30/09	$ (1,254)	$ -	$ -	$ 1,254	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transportation Aid	10-495-034-5120-014	9,045	7/1/09	6/30/10	-	-	-	7,651	(9,045)	-	-	-	-	(1,395)	9,045
Special Education Aid	09-495-034-5120-011	115,595	7/1/08	6/30/09	(10,757)	-	-	10,757	-	-	-	-	-	-	-
Special Education Aid	10-495-034-5120-011	76,932	7/1/09	6/30/10	-	-	-	65,093	(76,932)	-	-	-	-	(11,840)	76,932
Extraordinary Aid	09-495-034-5120-044	120,674	7/1/08	6/30/09	(120,674)	-	-	120,674	-	-	-	-	-	-	-
Extraordinary Aid	10-495-034-5120-044	157,030	7/1/09	6/30/10	-	-	-	-	(157,030)	-	(157,030)	-	-	-	157,030
Security Aid	09-495-034-5120-084	15,163	7/1/08	6/30/09	(3,326)	-	-	3,326	-	-	-	-	-	-	-
Security Aid	10-495-034-5120-084	10,198	7/1/09	6/30/10	-	-	-	8,630	(10,198)	-	-	-	-	(1,568)	10,198
Adjustment Aid	09-495-034-5120-085	33,699	7/1/08	6/30/09	(133)	-	-	133	-	-	-	-	-	-	-
Adjustment Aid	10-495-034-5120-085	28,099	7/1/09	6/30/10	-	-	-	23,777	(28,099)	-	-	-	-	(4,322)	28,099
Reimbursed TPAF Social Security Contributions	09-495-034-5095-022	112,502	7/1/08	6/30/09	(10,996)	-	-	10,996	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	10-495-034-5095-022	120,823	7/1/09	6/30/10	-	-	-	110,860	(120,823)	-	(9,963)	-	-	-	120,823
On-behalf TPAF Pension Contributions	10-495-034-5095-002	98,861	7/1/09	6/30/10	-	-	-	98,861	(98,861)	-	-	-	-	-	98,861
Total State Financial Assistance					$ (147,140)	$ -	$ -	$ 462,012	$ (500,988)	$ -	$ (166,993)	$ -	$ -	$ (19,125)	$ 500,988

See accompanying notes to schedules of expenditures.

SEA GIRT SCHOOL DISTRICT

Notes to the Schedules of Awards and Financial Assistance

June 30, 2010

1. General

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

2. Basis of Accounting

The accompanying schedules of expenditures are presented using the modified accrual basis of accounting with the exception of programs recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1 to the Board's basic financial statements.

3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 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.

3. Relationship to Basic Financial Statements (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($3,655) for the general fund and $- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Local	Total
General Fund	$ -	497,333	-	$497,333
Special Revenue Fund	78,886	-	-	78,886
Debt Service Fund	-	-	-	-
Food Service Fund	-	-	-	-
Total awards and financial assistance	$ 78,886	497,333	-	$ 576,219

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.

5. Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 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.

SEA GIRT SCHOOL DISTRICT

Sea Girt, New Jersey

For the Year Ended June 30, 2010

Section I – Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unqualified opinion

Internal control over financial reporting:

1) Material weakness(es) identified? _____ yes ___X___ no

2) Control deficiencies identified that are not considered to be material weaknesses? _____ yes ___X___ none

Noncompliance material to basic financial statements noted? _____ yes ___X___ no

State Awards Section

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

Auditee qualified as low-risk auditee? ___X___ yes _____ no

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

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes ___X___ no

2) Control deficiencies identified that are not considered to be material weaknesses? _____ yes ___X___ none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? _____ yes ___X___ no

Identification of major programs:

10-495-034-5120-044 Extraordinary Aid

SEA GIRT SCHOOL DISTRICT

Sea Girt, New Jersey

For the Year Ended June 30, 2010

Section II – Financial Statement Findings

No matters were reported for the period ended June 30, 2010.

Prior Year Audit Findings – N/A

Section III – State Award Findings and Questioned Costs

No matters were reported for the period ended June 30, 2010.

There were no prior year findings for the period ended June 30, 2009.