

# **Comprehensive Annual Financial Report**

**of the**

**Sayreville Borough Board of Education**

**Sayreville, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

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**INTRODUCTORY SECTION**

*Sayreville Public Schools*  
**Educating Today's Learners to Be Tomorrow's Leaders**

Sayreville Board of Education  
Sayreville, New Jersey

Officers

PHYLLIS BATKO, President  
MICHAEL J. MACAGNONE, Vice President  
EMIDIO D'ANDREA, Business Administrator/Board Secretary

BOARD MEMBERS

Daniel S. Balka	Phyllis Batko
Thomas W. Biesiada	Helen Bruno-Raccuia
Kevin Ciak	Beth DePinto
Laurie Esposito	Michael J. Macagnone
Jill Trapp	

November 14, 2011

Honorable President and  
Members of the Board of Education  
Sayreville School District  
County of Middlesex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Sayreville School District ("District") for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Sayreville Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all materials respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds 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, a roster of principal officials and a list of consultants and advisors. The financial section includes the 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, The U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and State of New Jersey Treasury OMB Circular Letter 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: Sayreville School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB"). All funds of the District are included in this report. The Sayreville Board of Education and all its schools constitute the District's reporting entity.

P.O BOX 997 • SAYREVILLE, NEW JERSEY • 08872

PHONE: 732-525-5200 • FAX: 732-727-7369

"AFFIRMATIVE ACTION - EQUAL OPPORTUNITY EMPLOYER M/F"

### 1. REPORTING ENTITY AND ITS SERVICES (continued)

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for handicapped youngsters. The District completed the 2010/11 fiscal year with an enrollment of 5910 students which is 104 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years:

#### Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Increase/(Decrease) Percent Change</u>
2010/11	5,910	(1.73%)
2009/10	6,014	3.64%
2008/09	5,803	1.13%
2007/08	5,738	1.00%
2006/07	5,681	(.82%)
2005/06	5,728	(.05%)
2004/05	5,759	.26%
2003/04	5,744	2.80%
2002/03	5,585	.79%
2001/02	5,541	1.67%
2000/01	5,450	2.35%
1999-00	5,325	2.15%
1998/99	5,213	3.72%

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Sayreville is a community which has experienced moderate but increasing growth over the past decade. Building room exists for residential dwellings, condominiums, commercial structures and light industry. The Borough is convenient to urban centers, manufacturing areas, several institutes of higher learning, and merchandise malls. The community has benefited from a healthy national economy by maintaining established small businesses and moderate expansion of commerce.

### 3. MAJOR INITIATIVES

- Programs are being developed and implemented to improve student performance on high states state testing. This testing is part of the requirements of the Federal No Child Left Behind (NCLB) Legislation. Steps are being taken to ensure that students in all schools make Adequate Yearly Progress (AYP).

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:

- (a) the cost of a control should not exceed the benefits likely to be derived; and
- (b) the valuation of costs and benefits requires estimate and judgments by management.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to the federal awards 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 account system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

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

7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in Note 3 of the Notes to Financial Statements. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

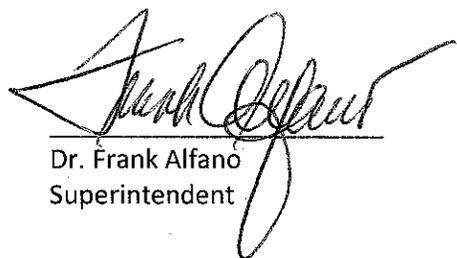
8. RISK MANAGEMENT: The Board carries various forms of insurance including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Samuel Klein and Company, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act, the related Federal OMB Circular A-133 and State OMB Circular Letter 04-04. The auditor's report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

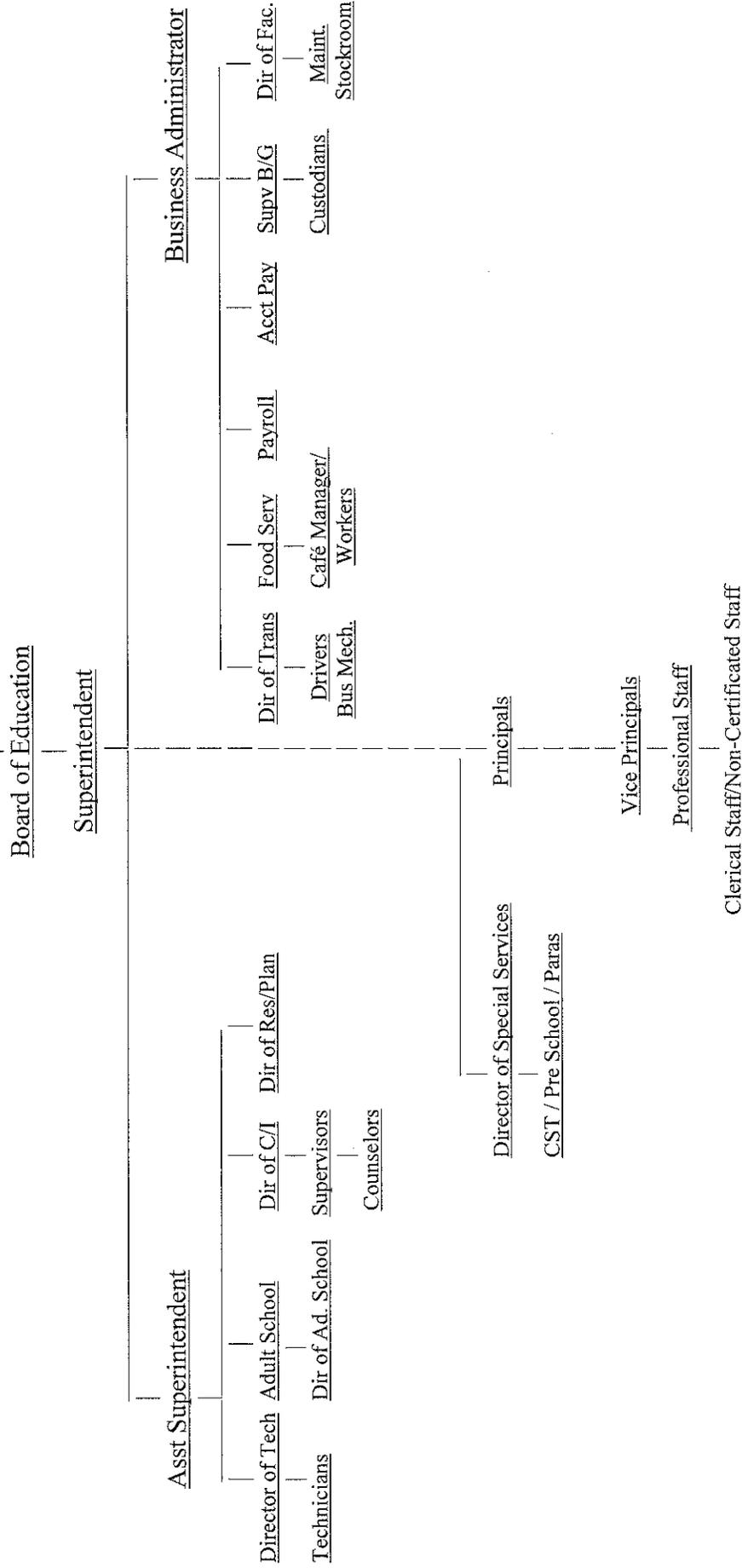
10. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Sayreville School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

  
Dr. Frank Alfano  
Superintendent

  
Emidio D'Andrea  
School Business Administrator

# Sayreville Public Schools Organizational Chart 2011



SAYREVILLE SCHOOL DISTRICT  
SAYREVILLE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Phyllis Batko, President	2014
Michael J. Macagnone, Vice President	2014
Daniel Balka	2013
Thomas W. Biesiada	2013
Helen Bruno-Raccuia	2013
Kevin E. Ciak	2012
Beth De Pinto	2014
Laurie Esposito	2012
Jill Trapp	2012
 <u>Other Officials</u>	
Frank R. Alfano, Superintendent of Schools	
Carla Sutherland, Assistant Superintendent of Schools	
Emidio D'Andrea, Business Administrator/Board Secretary	
Wayne A. Kronowski, Treasurer of School Monies	
Schwartz, Simon, Edelstein & Celso, Board Attorney	

**SAYREVILLE BOROUGH BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**JUNE 30, 2011**

**Health Benefits**

Brown & Brown Consulting  
(Formerly Doyle Consulting Group)  
One Commerce Square  
2005 Market Street, Suite 3510  
Philadelphia, PA 19103

**Audit Firm**

Samuel Klein and Company  
Certified Public Accountants  
550 Broad Street, 11<sup>th</sup> Floor  
Newark, New Jersey 07102-4517

**Attorney**

Schwartz, Simon, Edelstein & Celso  
100 South Jefferson Road  
Whippany, New Jersey 07981

**Official Depositories**

Amboy National Bank  
Highway No. 9, Ticetown Road  
Old Bridge, New Jersey 08857

PNC Bank  
P. O. Box 600  
Edison, New Jersey 08817

MBIA  
113 Kings Street  
Armonk, New York 10504

**FINANCIAL SECTION**

# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-4543  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 301  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

## INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members of the Board of Education  
Sayreville Borough School District  
County of Middlesex  
Sayreville, New Jersey 08872

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 Sayreville Borough School District, in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education of the Sayreville Borough School District's management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements as of June 30, 2010 were audited by another firm whose opinion dated December 6, 2010 was unqualified.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011 on our consideration of the Board of Education of the Sayreville Borough School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 13 through 23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sayreville Borough Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical table 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 table have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit 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.

  
JOSEPH J. FACCONE  
Licensed Public School Accountant #194

  
SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

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

**DISTRICT MISSION STATEMENT**

The mission of the Sayreville Board of Education, an integral part of our diverse, involved community, is to meet the challenges of a changing society by offering a comprehensive education that will provide the opportunities for students to become well-rounded individuals who are able to think for themselves through consultation, cooperation and participation with that community.

**Introduction**

The above Mission Statement underscores the educational philosophy that was the heart of all the District's financial activities during the fiscal year ending June 30, 2011. Management's Discussion and Analysis of the District's financial results that follow will provide statement readers with some insight into this philosophy and its impact on the educational changes taking place within the District, as well as providing some understanding of the fiscal activities undertaken by the Board's administrative team to effect this change.

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

**Using This Comprehensive Annual Financial Report (CAFR)**

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

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

**REPORTING THE SCHOOL DISTRICT AS A WHOLE**

**Statement of Net Assets and the Statement of Activities**

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

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**REPORTING THE SCHOOL DISTRICT AS A WHOLE  
(Continued)**

**Statement of Net Assets and the Statement of Activities (Continued)**

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

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

- **Governmental Activities** - All of the School District's programs and services are reported here, including, but not limited to Instruction, Support Services, Operation and Maintenance of Plant Facilities, Pupil Transportation and Extracurricular Activities.
- **Business-Type Activities** - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and Adult School Enterprise Funds are reported as a business activity.

**REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

Detailed information about the School District's major funds is presented and an analysis of the School District's major funds is included in the 2010-2011 Comprehensive Annual Financial Report as presented by the School District. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

**Governmental Funds**

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

**Enterprise Fund**

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

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year 2011 are as follows:

- The assets of the Sayreville Board of Education exceeded its liabilities at the close of the fiscal year by \$40,977,178 (net assets). However, the amount available to meet the District's ongoing obligations (unrestricted net assets) was \$(2,208,784).
- The District's total net assets increased \$816,235.
- General revenues accounted for \$78,180,717 in revenue or 92 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for \$7,097,172 or 8 percent to total revenues of \$85,277,889.
- The School District had \$82,266,021 in expenses for governmental activities; only \$4,862,661 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$78,180,717 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$5,405,649. Of this amount, \$153,379 was specifically available for the completion of approved capital projects.
- The General Fund had \$76,429,055 in revenues and \$75,012,633 in expenditures. The General Fund's balance increased \$1,215,880 from the previous year to \$5,250,612.
- The General Fund budgetary fund balance at the close of the current fiscal year was \$6,973,540 which represented an increase of \$157,167 from the previous year.

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**THE SCHOOL DISTRICT AS A WHOLE**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

The following provides a summary of the School District's Net Assets for 2011 and 2010:

**Net Assets  
As of June 30, 2011 and 2010**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 7,685,100	\$ 8,386,640	\$ 449,954	\$ 156,876	\$ 8,135,054	\$ 8,543,516
Capital Assets	89,008,852	89,423,259	4,623	74,416	89,013,475	89,497,675
<b>Total Assets</b>	<b>96,693,952</b>	<b>97,809,899</b>	<b>454,577</b>	<b>231,292</b>	<b>97,148,529</b>	<b>98,041,191</b>
Long-Term Liabilities	51,281,454	54,925,094			51,281,454	54,925,094
Other Liabilities	4,615,965	2,864,026	273,932	91,128	4,889,897	2,955,154
<b>Total Liabilities</b>	<b>55,897,419</b>	<b>57,789,120</b>	<b>273,932</b>	<b>91,128</b>	<b>56,171,351</b>	<b>57,880,248</b>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	37,248,999	37,361,790	4,623	74,416	37,253,622	37,436,206
Restricted	5,932,340	2,615,850			5,932,340	2,615,850
Unrestricted	(2,384,806)	43,139	176,022	65,748	(2,208,784)	108,887
<b>Total Net Assets</b>	<b>\$ 40,796,533</b>	<b>\$ 40,020,779</b>	<b>\$ 180,645</b>	<b>\$ 140,164</b>	<b>\$ 40,977,178</b>	<b>\$ 40,160,943</b>

By far, the largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**THE SCHOOL DISTRICT AS A WHOLE  
(Continued)**

The following shows the Changes in Net Assets for fiscal years 2011 and 2010:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$	\$ 520,031	\$ 1,268,865	\$ 1,238,363	\$ 1,268,865	\$ 1,758,394
Operating Grants and Contributions	4,862,661	16,741,306	965,646	904,101	5,828,307	17,645,407
Capital Grants and Contributions		1,861,157				1,861,157
General Revenues:						
Property Taxes	55,084,546	54,483,946			55,084,546	54,483,946
State Aid - Unrestricted	22,412,894	12,392,195			22,412,894	12,392,195
State Aid - Restricted		55,847				55,847
Other	681,674	312,356	1,603		683,277	312,356
<b>Total Revenues</b>	<b>83,041,775</b>	<b>86,366,838</b>	<b>2,236,114</b>	<b>2,142,464</b>	<b>85,277,889</b>	<b>88,509,302</b>
<b>Expenses</b>						
Instruction:						
Regular	32,092,323	29,593,116			32,092,323	29,593,116
Special Education	9,645,385	14,856,933			9,645,385	14,856,933
Other Instruction	2,046,032	3,057,678			2,046,032	3,057,678
School Sponsored Activities and Athletics	1,254,081	1,132,284			1,254,081	1,132,284
Support Services:						
Student and Instruction Related Services	15,118,381	9,662,198			15,118,381	9,662,198
General Administration Services	2,232,181	1,794,351			2,232,181	1,794,351
School Administrative Services	3,747,863	3,896,746			3,747,863	3,896,746
Central Services/Business Services	749,539	753,203			749,539	753,203
Administrative Information Technology	599,334	506,291			599,334	506,291
Plant Operations and Maintenance	6,660,644	8,567,470			6,660,644	8,567,470
Pupil Transportation	5,831,438	5,124,690			5,831,438	5,124,690
Interest on Debt	2,288,820	2,430,624			2,288,820	2,430,624
Food Service			2,064,508	2,085,959	2,064,508	2,085,959
Adult School			131,124	135,189	131,124	135,189
<b>Total Expenses</b>	<b>82,266,021</b>	<b>81,375,584</b>	<b>2,195,632</b>	<b>2,221,148</b>	<b>84,461,653</b>	<b>83,596,732</b>
Increase (Decrease) in Net Assets	775,754	4,991,254	40,482	(78,684)	816,236	4,912,570
Net Assets, Beginning of Year	40,020,779	34,973,378	140,163	218,848	40,160,942	35,192,226
Prior Period Adjustment		56,147				56,147
<b>Net Assets, End of Year</b>	<b>\$ 40,796,533</b>	<b>\$ 40,020,779</b>	<b>\$ 180,645</b>	<b>\$ 140,164</b>	<b>\$ 40,977,178</b>	<b>\$ 40,160,943</b>

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**Governmental Activities** - The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes of \$55,084,546 and \$54,483,946 made up 66% and 63% of the revenues for governmental activities for the Sayreville Board of Education for fiscal years ended June 30, 2011 and 2010, respectively. The District's total revenues were \$83,041,775 and \$86,366,838 for the fiscal years ended June 30, 2011 and 2010, respectively. Federal, state and local aid and grants accounted for another \$27,275,555 and \$31,050,505 representing 33% and 36% of total governmental activities revenues for the fiscal years ended June 30, 2011 and 2010, respectively.

The total cost of all programs and services were \$82,266,021 and \$81,375,584 for the fiscal years ended June 30, 2011 and 2010, respectively. Instruction comprised \$45,037,821 (55%) and \$48,640,011 (60%) of District expenses for the fiscal years ended June 30, 2011 and 2010, respectively.

Total governmental activities revenues exceeded expenses, increasing net assets \$816,235 and \$4,991,254 for the fiscal years ended June 30, 2011 and 2010, respectively.

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

**Total and Net Cost of Governmental Activities  
For the Years Ended June 30, 2011 and 2010**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction:				
Regular	\$ 32,092,323	\$ 29,593,116	\$ 28,338,766	\$ 23,747,033
Special Education	9,645,385	14,856,933	8,980,021	7,478,883
Other Instruction	2,046,032	3,057,678	1,925,234	2,285,425
School Sponsored Activities and Athletics	1,254,081	1,132,284	1,254,081	1,132,284
Support Services:				
Student and Instruction Related Services	15,118,381	9,662,198	15,118,381	8,896,171
General Administration	2,232,181	1,794,351	2,232,181	1,794,351
School Administrative Services	3,747,863	3,896,746	3,424,921	3,627,424
Central Services/Business Services	749,539	753,203	749,539	753,203
Administrative Information Technology	599,334	506,291	599,334	506,291
Plant Operations and Maintenance	6,660,644	8,567,470	6,660,644	6,148,565
Pupil Transportation	5,831,438	5,124,690	5,831,438	3,547,926
Interest on Debt	2,288,820	2,430,624	2,288,820	2,335,534
 Total	 <u>\$ 82,266,021</u>	 <u>\$ 81,375,584</u>	 <u>\$ 77,403,360</u>	 <u>\$ 62,253,090</u>

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**Governmental Activities (Continued)**

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. Extracurricular activities includes expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development includes expenses relating to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

General administration, school administration, central services and administrative information technology include expenses associated with administrative and financial supervision of the District.

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

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

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

**Business-Type Activities** - Revenues for the District's business-type activities (food service and adult school programs) were comprised of charges for services and federal and state reimbursements.

- Food service and adult school expenses exceeded revenues by \$40,481 and \$78,684 for the years ended June 30, 2011 and 2010, respectively.
- Charges for services represent \$1,270,468 and \$1,238,363 of revenue for the fiscal years ended June 30, 2011 and 2010. This represents amounts paid by patrons for daily food sales (89% and 89%) and program fees (11% and 11%) for the adult school.
- Federal and state reimbursements for food service meals, including payments for free and reduced lunches and donated commodities were \$965,646 and \$904,101 for the fiscal years ended June 30, 2011 and 2010, respectively.
- Total expenses were \$2,195,633 and \$2,221,148 for the fiscal years ended June 30, 2011 and 2010, respectively.

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**THE SCHOOL DISTRICT'S FUNDS**

Information about the School District's major funds is included in the 2010-2011 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund presented in the fund-based statements) had total revenues of \$83,041,775 and \$86,366,838 and expenditures of \$83,804,660 and \$89,261,601 for the fiscal years ended June 30, 2011 and 2010, respectively. As the District completed the year, its governmental funds reported a combined fund balance of \$5,405,649, a decrease of \$762,884, from last year's fund balance of \$6,168,533.

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 General Fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 12 including pupil transportation and capital outlay activities. The following schedules present a summary of the revenues of the General Fund for the fiscal years ended June 30, 2011 and 2010, and the amount and percentage of increases or decreases in relation to prior year revenues.

	<u>2011</u>	<u>2010</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Local Sources:				
Property Taxes	\$ 51,417,909	\$ 50,912,157	\$ 505,752	0.99
Other	647,164	832,241	(185,077)	(22.24)
State Sources	24,252,576	23,647,122	605,454	2.56
Federal Sources	<u>111,406</u>	<u>2,864,388</u>	<u>(2,752,982)</u>	<u>(2.33)</u>
	<u>\$ 76,429,055</u>	<u>\$ 78,255,908</u>	<u>\$ (1,826,853)</u>	

Overall, General Fund revenues decreased only 2.3% during the current school year. The increase in Local Sources is attributable to a tax increase of 2% to fund District operations and tuition revenues earned during the current year. The net increase in State Sources is due mainly to the addition of State Aid. Federal Sources decreased due to American Recovery and Reinvestment Act ("ARRA") program revenues not available in the 2010 - 2011 school year.

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**THE SCHOOL DISTRICT'S FUNDS (Continued)**

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 48,980,134	\$ 46,309,478	\$ 2,670,656	5.77
Support Services	25,521,507	27,286,812	(1,765,305)	(6.47)
Debt Service		628,024	(628,024)	(100.00)
Capital Outlay	<u>510,992</u>	<u>345,608</u>	<u>165,384</u>	47.85
	<u>\$ 75,012,633</u>	<u>\$ 74,569,922</u>	<u>\$ 442,711</u>	0.59

Overall District expenditures during the current year remained relatively unchanged from the previous year. Instructional contractual salaries for teachers specifically in the Basic Skills function and other District personnel increased over the previous year.

The decrease in Support Services is attributable to a decrease in tuition related expenditures.

The decrease in debt service represents the repayment of obligations under lease-purchase agreements issued to finance district capital equipment and computers (general supplies) and indicates the District's continued need to finance these purchases over several years rather than on a pay-as-you-go-basis.

The increase in capital outlay is attributed to increases in equipment and construction service purchases from the previous year.

**GENERAL FUND BUDGETING HIGHLIGHTS**

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

During the course of the 2010/2011 school year, 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. Amendments are made during the year for:

- Staffing changes based on student needs.
- Changes in facility maintenance and operation needs.
- Changes in appropriations to prevent budget overruns.

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**GENERAL FUND BUDGETING HIGHLIGHTS (Continued)**

While the District's final budget for the General Fund anticipated that revenues and expenditures would roughly equal with the use of \$2,858,899 of prior year unreserved/undesignated budgetary fund balance, the actual results for the year ended June 30, 2011 revealed an increase of \$858,899 in budgetary surplus funds in 2011 compared to an increase of \$1,843,209 in budgetary surplus funds in 2010. The total unreserved/undesignated fund balance (budgetary basis) at June 30, 2011 was \$1,196,236 compared to \$1,600,950 at June 30, 2010.

**CAPITAL ASSETS**

At the end of the fiscal years 2011 and 2010, the School District has \$89,013,475 and \$89,497,675 invested in land, construction-in-progress, buildings, leasehold improvements, furniture and equipment vehicles. Depreciation charges for the fiscal years 2011 and 2010 were \$2,746,935 and \$2,715,444 for governmental activities, respectively, and \$69,793 and \$82,375 for business-type activities, respectively. The following is a comparison of the June 30, 2011 and 2010 balances.

**Capital Assets  
at June 30, 2011 and 2010**

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 6,767,549	\$ 6,767,549	\$	\$	\$ 6,767,549	\$ 6,767,549
Construction-in-Progress	879,378	141,257			879,378	141,257
Leasehold Improvements	521,800	521,800			521,800	521,800
Site Improvements	3,283,942	3,283,942			3,283,942	3,283,942
Buildings and Building Improvements	101,102,118	99,668,915			101,102,118	99,668,915
Machinery and Equipment	7,113,530	6,952,326	552,902	552,902	7,666,432	7,505,228
	<u>119,668,317</u>	<u>117,335,789</u>	<u>552,902</u>	<u>552,902</u>	<u>120,221,219</u>	<u>117,888,691</u>
Less: Accumulated Depreciation	<u>(30,659,465)</u>	<u>(27,912,530)</u>	<u>(548,279)</u>	<u>(478,486)</u>	<u>(31,207,744)</u>	<u>(28,391,016)</u>
Total	<u>\$ 89,008,852</u>	<u>\$ 89,423,259</u>	<u>\$ 4,623</u>	<u>\$ 74,416</u>	<u>\$ 89,013,475</u>	<u>\$ 89,497,675</u>

Additional information on the District's capital assets can be found in the Notes to the Basic Financial Statements.

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**LONG-TERM LIABILITIES**

At June 30, 2011, the School District had \$52,926,454 as outstanding debt consisting of \$51,434,576 bonds (net of Unamortized premium and loss on refunding) for school construction, \$325,277 capital leases and \$1,166,601 compensated absences. The following is a comparison of the June 30, 2011 and 2010 balances:

**Outstanding Long-Term Liabilities  
at June 30, 2011 and 2010**

	Governmental Activities	
	2011	2010
General Obligation Bonds Payable, Net	\$ 51,434,576	\$ 52,919,272
Capital Leases Payable	325,277	432,940
Lease Purchase Agreements		197,426
Compensated Absences	1,166,601	1,375,456
Total	\$ 52,926,454	\$ 54,925,094

Additional information on the District's long-term liabilities can be found in the Notes to the Basic Financial Statements.

**FOR THE FUTURE**

Programs are being developed and implemented to improve student performance on high stakes state testing. This testing is part of the requirements of the Federal No Child Left Behind (NCLB) Legislation. Steps are being taken to ensure that students in all schools make Adequate Yearly Progress (AYP).

The District is addressing facilities concerns to ensure a safe and clean environment for all students of the Sayreville School District. In 2011-12 the Board of Education budgeted \$2,073,326 for Capital Outlay. In addition to facilities concerns, the Board of Education is continually looking at technology advancements to ensure that the students of the Sayreville School District are progressing with the current times. For the 2011-12 school year, the Board of Education is moving toward a fiber optic backbone to connect all school to the World Wide Web.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the funds it receives. If you have questions on this report or need additional financial information, please contact Emidio D'Andrea, School Business Administrator/Board Secretary at Sayreville Board of Education, 150 Lincoln Street, South Amboy, New Jersey 08879 or send an email to [edandrea@sayrevillek12.net](mailto:edandrea@sayrevillek12.net).

## **BASIC FINANCIAL STATEMENTS**

**A. DISTRICT-WIDE FINANCIAL STATEMENTS**

**SAYERVILLE BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

A-1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 1,276,356.91	\$ 328,548.86	\$ 1,604,905.77
Investments	99,226.79		99,226.79
Receivables - Net	3,402,425.85	79,413.12	3,481,838.97
Due from Other Funds - Net	188,467.88		188,467.88
Inventory		41,992.11	41,992.11
Deferred Charges - Bond Issuance Costs	266,623.00		266,623.00
Restricted Assets:			
Capital Reserve Account - Cash	2,451,000.00		2,451,000.00
Maintenance Reserve Account - Cash	1,000.00		1,000.00
Capital Assets, Net	<u>89,008,851.54</u>	<u>4,623.00</u>	<u>89,013,474.54</u>
Total Assets	<u>\$ 96,693,951.97</u>	<u>\$ 454,577.09</u>	<u>\$ 97,148,529.06</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 1,074,619.30	\$ 60,367.56	\$ 1,134,986.86
Due to State of New Jersey	46,804.46		46,804.46
Due to Other Funds - Net		188,467.88	188,467.88
Accrued Interest Payable	958,136.25		958,136.25
Deferred Revenue	891,405.01	25,096.50	916,501.51
Noncurrent Liabilities:			
Due Within One Year	1,645,000.00		1,645,000.00
Due Beyond One Year	<u>51,281,453.72</u>		<u>51,281,453.72</u>
Total Liabilities	<u>55,897,418.74</u>	<u>273,931.94</u>	<u>56,171,350.68</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	37,248,998.54	4,623.00	37,253,621.54
Restricted for:			
Capital Projects	153,378.78		153,378.78
Debt Service	1.20		1.20
Other Purposes	5,778,960.55		5,778,960.55
Unrestricted	<u>(2,384,805.84)</u>	<u>176,022.15</u>	<u>(2,208,783.69)</u>
Total Net Assets	<u>\$ 40,796,533.23</u>	<u>\$ 180,645.15</u>	<u>\$ 40,977,178.38</u>

See accompanying notes to financial statements.

SAYREVILLE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

A-2

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
					Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 32,092,322.61	\$	\$ 3,753,556.61	\$	\$ (28,338,766.00)	\$	\$ (28,338,766.00)
Special Education	9,645,385.49		665,364.47		(8,980,021.02)		(8,980,021.02)
Other Special Instruction	2,046,032.14		120,737.98		(1,925,294.16)		(1,925,294.16)
Other Instruction	1,249,256.32				(1,249,256.32)		(1,249,256.32)
Community Service Programs	4,824.57				(4,824.57)		(4,824.57)
Support Services:							
Tuition	4,439,148.84				(4,439,148.84)		(4,439,148.84)
Student and Instruction Related Services	10,649,986.15				(10,649,986.15)		(10,649,986.15)
General Administrative Services	2,232,181.21				(2,232,181.21)		(2,232,181.21)
School Administrative Services	3,747,863.44		322,942.30		(3,424,921.14)		(3,424,921.14)
Central Services	749,539.04				(749,539.04)		(749,539.04)
Administrative Information Technology	599,334.21				(599,334.21)		(599,334.21)
Plant Operations and Maintenance	6,660,644.41				(6,660,644.41)		(6,660,644.41)
Pupil Transportation	5,831,437.34				(5,831,437.34)		(5,831,437.34)
Special Schools	19,748.41				(19,748.41)		(19,748.41)
Charter Schools	9,497.97				(9,497.97)		(9,497.97)
Debt Service:							
Interest	2,288,819.05				(2,288,819.05)		(2,288,819.05)
Total Governmental Activities	82,266,021.20		4,862,661.37		(77,403,359.83)		(77,403,359.83)
<b>Business-Type Activities:</b>							
Food Service	2,064,508.43	1,127,118.69	965,645.95		28,256.21	28,256.21	28,256.21
Adult School	131,124.48	141,746.60			10,622.12	10,622.12	10,622.12
Total Business-Type Activities	2,195,632.91	1,268,865.29	965,645.95		38,878.33	38,878.33	38,878.33
Total Primary Government	\$ 84,461,654.11	\$ 1,268,865.29	\$ 5,828,307.32	\$ -	\$ (77,403,359.83)	\$ 38,878.33	\$ (77,364,481.50)
<b>General Revenues</b>							
Taxes:							
Property Taxes, Levied for General Purposes, Net							
Property Taxes, Levied for Debt Service							
Federal and State Aid Not Restricted							
Miscellaneous Income							
Total General Revenues, Special Items, Extraordinary Items and Transfers							
Change in Net Assets							
Net Assets - Beginning							
Net Assets - Ending							

**B. FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

SAYERVILLE BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

B-1

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,552,899.91	\$	\$	\$ 1,658.20	\$ 2,554,558.11
Due from Other Funds	231,100.47				231,100.47
Accounts Receivable - Other	873,677.43	719,863.18	1,808,885.24		3,402,425.85
Capital Reserve Account	2,451,000.00				2,451,000.00
Maintenance Reserve Account	1,000.00				1,000.00
<b>Total Assets</b>	<b><u>\$ 6,109,677.81</u></b>	<b><u>\$ 719,863.18</u></b>	<b><u>\$ 1,808,885.24</u></b>	<b><u>\$ 1,658.20</u></b>	<b><u>\$ 8,640,084.43</u></b>
<b>LIABILITIES</b>					
Cash Overdraft	\$	\$ 419,750.13	\$ 759,224.28	\$	\$ 1,178,974.41
Accounts Payable	859,066.13	204,969.99	10,583.18		1,074,619.30
Due to Other Funds		42,632.59			42,632.59
Due to State of New Jersey		46,804.46			46,804.46
Deferred Revenue		5,706.01	885,699.00		891,405.01
<b>Total Liabilities</b>	<b><u>859,066.13</u></b>	<b><u>719,863.18</u></b>	<b><u>1,655,506.46</u></b>		<b><u>3,234,435.77</u></b>
<b>FUND BALANCES</b>					
Restricted for:					
Encumbrances	466,404.55				466,404.55
Capital Reserve Account	2,451,000.00				2,451,000.00
Maintenance Reserve Account	1,000.00				1,000.00
Designated for Subsequent Year's Expenditures	2,858,899.00			1,657.00	2,860,556.00
Unassigned, Reported in:					
General Fund	(526,691.87)				(526,691.87)
Capital Projects Fund			153,378.78		153,378.78
Debt Service Fund				1.20	1.20
<b>Total Fund Balances</b>	<b><u>5,250,611.68</u></b>		<b><u>153,378.78</u></b>	<b><u>1,658.20</u></b>	<b><u>5,405,648.66</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 6,109,677.81</u></b>	<b><u>\$ 719,863.18</u></b>	<b><u>\$ 1,808,885.24</u></b>	<b><u>\$ 1,658.20</u></b>	<b><u>\$ 8,640,084.43</u></b>

Total Fund Balances Above

\$ 5,405,648.66

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 costs of the assets is \$119,668,316.54, and the accumulated depreciation is \$30,659,465.00 (See Note 5).

89,008,851.54

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 6).

Bonds Payable, Net	\$ (51,434,576.00)
Deferred Charge for Bond Issuance Cost	266,623.00
Capital Lease Payable	(325,277.00)
Compensated Absences	<u>(1,166,600.72)</u>

(52,659,830.72)

Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance.

(958,136.25)

Net assets of governmental activities (A-1)

\$ 40,796,533.23

SAYERVILLE BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 51,417,909.00	\$	\$	\$ 3,666,637.00	\$ 55,084,546.00
Miscellaneous	647,164.06				647,164.06
Private Sources		34,510.41			34,510.41
<b>Total Local Sources</b>	<u>52,065,073.06</u>	<u>34,510.41</u>		<u>3,666,637.00</u>	<u>55,766,220.47</u>
State Sources	24,252,575.71	126,329.54		128,713.00	24,507,618.25
Federal Sources	111,406.35	2,656,530.36			2,767,936.71
<b>Total Revenues</b>	<u>76,429,055.12</u>	<u>2,817,370.31</u>		<u>3,795,350.00</u>	<u>83,041,775.43</u>
<b>Expenditures</b>					
<b>Current:</b>					
Regular Instruction	21,903,303.43	2,150,811.23			24,054,114.66
Special Education Instruction	7,229,492.59				7,229,492.59
Other Special Instruction	1,533,559.67				1,533,559.67
Other Instruction	936,353.38				936,353.38
Community Service Programs	3,616.15				3,616.15
<b>Support Services and Undistributed Costs:</b>					
Tuition	3,327,269.16				3,327,269.16
Student and Instruction Related Services	7,316,910.47	665,559.08			7,982,469.55
General Administrative Services	1,673,083.73				1,673,083.73
School Administrative Services	2,809,130.96				2,809,130.96
Central Services	561,800.97				561,800.97
Administrative Information Technology	449,218.15				449,218.15
Plant Operations and Maintenance	4,992,343.69				4,992,343.69
Pupil Transportation	4,369,829.25	1,000.00			4,370,829.25
Employee Benefits	17,373,808.52				17,373,808.52
Special Schools	14,802.00				14,802.00
Charter School	7,119.00				7,119.00
<b>Debt Service:</b>					
Principal				1,530,000.00	1,530,000.00
Interest				2,265,348.80	2,265,348.80
Capital Outlay	510,992.32		2,179,307.22		2,690,299.54
<b>Total Expenditures</b>	<u>75,012,633.44</u>	<u>2,817,370.31</u>	<u>2,179,307.22</u>	<u>3,795,348.80</u>	<u>83,804,659.77</u>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<u>1,416,421.68</u>		<u>(2,179,307.22)</u>	<u>1.20</u>	<u>(762,884.34)</u>
<b>Other Financing Sources (Uses):</b>					
<b>Transfers In:</b>					
Operating Transfers In				200,542.00	200,542.00
Operating Transfers (Out)	(200,542.00)				(200,542.00)
<b>Total Other Financing Sources and Uses</b>	<u>(200,542.00)</u>			<u>200,542.00</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	1,215,879.68		(2,179,307.22)	200,543.20	(762,884.34)
Fund Balance July 1	4,034,732.00		2,332,686.00	(198,885.00)	6,168,533.00
<b>Fund Balance June 30</b>	<u>\$ 5,250,611.68</u>	<u>\$ -</u>	<u>\$ 153,378.78</u>	<u>\$ 1,658.20</u>	<u>\$ 5,405,648.66</u>

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

B-3

	<u>Ref.</u>	
Total Net Change in Fund Balances - Governmental Funds	B-2	\$ (762,884.34)
<p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense		\$ (2,746,935.00)
Capital Outlays, net of capital lease principal payments reported below of		<u>2,332,527.54</u> (414,407.46)
<p>Repayment of Debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
Serial bonds		1,530,000.00
Capital Leases, Net		107,663.00
Lease Purchase Agreements		<u>197,426.00</u> 1,835,089.00
<p>Governmental Funds report the effect of issuance costs, premiums, and the loss on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Amortization of Loss on refunding Bonds		(63,186.00)
Amortization of Original Issue Premium		17,882.00
Amortization of Issuance Costs		<u>(22,124.00)</u> (67,428.00)
Decrease in Compensated Absences		208,855.28
Increase in Accrued Interest Payable		<u>(23,470.25)</u>
Change in Net Assets of Governmental Activities	A-2	<u>\$ 775,754.23</u>

**PROPRIETARY FUNDS**

SAYERVILLE BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2011

B-4

	Business-Type Activities Enterprise Funds		Totals
	Food Service	Community School	
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 235,418.61	\$ 93,130.25	\$ 328,548.86
Accounts Receivable:			
State Sources	2,177.74		2,177.74
Federal Sources	77,235.38		77,235.38
Inventories:			
Regular	41,992.11		41,992.11
Total Current Assets	356,823.84	93,130.25	449,954.09
Noncurrent Assets:			
Furniture, Machinery and Equipment	552,902.00		552,902.00
Less: Accumulated Depreciation	(548,279.00)		(548,279.00)
Total Noncurrent Assets	4,623.00		4,623.00
Total Assets	\$ 361,446.84	\$ 93,130.25	\$ 454,577.09
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 59,726.43	\$ 641.13	\$ 60,367.56
Interfunds Payable	188,467.88		188,467.88
Unearned Revenue	963.50	24,133.00	25,096.50
	\$ 249,157.81	\$ 24,774.13	\$ 273,931.94
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 4,623.00	\$	\$ 4,623.00
Unrestricted	107,666.03	68,356.12	176,022.15
Total Net Assets	\$ 112,289.03	\$ 68,356.12	\$ 180,645.15

SAYERVILLE BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

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	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Community School</u>	<u>Total Enterprise</u>
Operating Revenues:			
Charges for Services:			
Daily Sales	\$ 1,127,118.69	\$	\$ 1,127,118.69
Other	1,603.12		1,603.12
Program Fees		141,746.60	141,746.60
Total Operating Revenues	<u>1,128,721.81</u>	<u>141,746.60</u>	<u>1,270,468.41</u>
Operating Expenses:			
Cost of Sales	933,918.35		933,918.35
Salaries	937,310.20	125,635.81	1,062,946.01
Repairs and Maintenance	17,706.75		17,706.75
Supplies and Materials	100,815.26	5,488.67	106,303.93
Miscellaneous	4,964.87		4,964.87
Other			
Depreciation	69,793.00		69,793.00
Total Operating Expenses	<u>2,064,508.43</u>	<u>131,124.48</u>	<u>2,195,632.91</u>
Operating (Loss) / Gain	<u>(935,786.62)</u>	<u>10,622.12</u>	<u>(925,164.50)</u>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	22,917.54		22,917.54
Federal Sources:			
National School Lunch Program	841,456.36		841,456.36
USDA Food Commodities	101,272.05		101,272.05
Total Nonoperating Revenues	<u>965,645.95</u>	<u></u>	<u>965,645.95</u>
Income/(Loss)	<u>29,859.33</u>	<u>10,622.12</u>	<u>40,481.45</u>
Total Net Assets - Ending	<u>\$ 112,289.03</u>	<u>\$ 68,356.12</u>	<u>\$ 180,645.15</u>

SAYERVILLE BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

B-6

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Community School</u>	<u>Total Enterprise</u>
<u>Cash Flows from Operating Activities</u>			
Receipts from Customers	\$ 1,127,118.69	\$ 143,546.60	\$ 1,270,665.29
Payments to Employees for Salaries and Benefits	(937,310.20)	(125,635.81)	(1,062,946.01)
Net Cash Provided by (Used for) Operating Activities	<u>(767,180.99)</u>	<u>12,636.25</u>	<u>(754,544.74)</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
State Sources	24,693.58		24,693.58
Federal Sources	838,077.05		838,077.05
Net Cash Provided by Noncapital Financing Activities	<u>864,373.75</u>		<u>864,373.75</u>
Net Increase (Decrease) in Cash and Cash Equivalents	97,192.76	12,636.25	109,829.01
Balances - Beginning of Year	<u>138,225.85</u>	<u>80,494.00</u>	<u>218,719.85</u>
Balances - End of Year	<u>\$ 235,418.61</u>	<u>\$ 93,130.25</u>	<u>\$ 328,548.86</u>
Reconciliation of Operating Loss to Net Cash (Used) by Operating Activities:			
Operating (Loss)/Gain	<u>\$ (935,786.62)</u>	<u>\$ 10,622.12</u>	<u>\$ (925,164.50)</u>
Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:			
Depreciation	69,793.00		69,793.00
Federal Commodities	101,272.05		101,272.05
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(1,603.12)		(1,603.12)
(Increase)/Decrease in Inventory	5,130.89		5,130.89
Increase/(Decrease) in Accounts Payable	<u>(5,987.19)</u>	<u>2,014.13</u>	<u>(3,973.06)</u>
Total Adjustments	<u>168,605.63</u>	<u>2,014.13</u>	<u>170,619.76</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (767,180.99)</u>	<u>\$ 12,636.25</u>	<u>\$ (754,544.74)</u>

**FIDUCIARY FUNDS**

SAYERVILLE BOROUGH SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2011

B-7

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship Trust Fund</u>	<u>Agency Fund</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$ 12,122.58</u>	<u>\$ 49,829.33</u>	<u>\$ 297,456.93</u>
<u>LIABILITIES</u>			
Payable to Student Groups			\$ 223,490.28
Payroll Deductions and Withholdings			<u>73,966.65</u>
Total Liabilities			<u>\$ 297,456.93</u>
<u>NET ASSETS</u>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 12,122.58</u>	<u>\$ 49,829.33</u>	

SAYERVILLE BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

B-8

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship Trust Fund</u>
<u>Additions</u>		
Contributions:		
Employees Contributions	\$ 107,631.02	\$
Private Donations		34,147.26
Investment Earnings:		
Interest	<u>42.31</u>	<u>117.07</u>
Total Additions	<u>107,673.33</u>	<u>34,264.33</u>
<u>Deductions</u>		
Quarterly Contribution Reports	41,908.69	
Unemployment Claims	91,141.96	
Scholarship Awards		<u>30,000.00</u>
Total Deductions	<u>133,050.65</u>	<u>30,000.00</u>
Change in Net Assets	(25,377.32)	4,264.33
Total Net Assets - Beginning	<u>37,499.90</u>	<u>45,565.00</u>
Total Net Assets - Ending	<u>\$ 12,122.58</u>	<u>\$ 49,829.33</u>

***NOTES TO FINANCIAL STATEMENTS***

**SAYREVILLE BOROUGH  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Sayreville Borough School District (the "District") is a Type II District located in the County of Middlesex, State of New Jersey. As a Type II District, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K - 12. The District had an approximate enrollment at June 30, 2011 of 5,901 students.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities 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 whether:

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

**A. Basis of Presentation**

The District's basic financial statements consist of government-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.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### A. Basis of Presentation (Continued)

#### 1. Government-Wide Financial Statements (Continued)

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, 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 are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

#### 2. Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

### B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

#### 1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major 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 noninstructional equipment which are classified in the Capital Outlay subfund.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Fund Accounting (Continued)

#### 1. Governmental Funds (Continued)

##### General Fund (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.

Permanent Fund - The Permanent Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. Resources are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting entity's programs - that is, for the benefit of the school district. The District presently has no resources that are considered permanent funds.

#### 2. Proprietary Fund Type

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

Enterprise Fund - The Enterprise Fund is 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 Food Service Fund and the Adult School.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting (Continued)**

**2. Proprietary Fund Type (Continued)**

**Enterprise Fund (Continued)**

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

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

Food Service Fund:	
Machinery and Equipment	5 - 12 Years
Adult School:	
Equipment	5 Years

**Internal Service Funds** - These funds may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary entity and its component units, or to other governments, on a cost-reimbursement basis. In addition, internal service funds are used only if the reporting school district is the predominant participant in the activity. The District does not currently utilize any Internal Service Funds.

**3. Fiduciary Funds**

Fiduciary Fund reporting focuses on net assets and changes in net assets. They are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. There are four fiduciary fund types - pension (and other employee benefit) trust funds, investment trust funds, private-purpose trusts and agency funds. The overarching rule for these funds is that they should never be used to report resources that can be used for programs of the reporting district.

**Unemployment Insurance Trust** - The SUI Fund is an employee benefit trust fund which accounts for resources held and administered while acting in a fiduciary capacity for individuals or other government agencies. Assets are held in trust for members of the defined contribution plan.

**Agency Funds** - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. These funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **B. Fund Accounting (Continued)**

#### **4. Long-Term Debt**

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt, not in the governmental funds. This includes serial bonds outstanding that are expected to be financed from governmental funds, the outstanding principal balance on capital leases, lease-purchase agreements, compensated absences, claims and judgments, early retirement incentive programs and rebatable arbitrage.

### **C. Measurement Focus**

#### **1. Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement of Net Assets.

#### **2. Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fiduciary funds are reported using the economic resources measurement focus.

### **D. Basis of Accounting**

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **D. Basis of Accounting (Continued)**

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

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

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

### **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 for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitations of N.J.A.C. 6A-23A-2.3 (et. seq.).

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

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

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. **Budgets/Budgetary Control (Continued)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 75,370,342.12	\$ 2,817,369.31
Difference - Budget-to-GAAP:		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements - current year	(1,722,928.00)	
State aid payment not recognized for budgetary purposes, recognized for GAAP statements - prior year	<u>2,781,641.00</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 76,429,055.12</u>	<u>\$ 2,817,369.31</u>
<b>Uses/Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 75,012,633.44</u>	<u>\$ 2,817,369.31</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 75,012,633.44</u>	<u>\$ 2,817,369.31</u>

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.

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. There were no open encumbrances recorded in the Special Revenue Fund as of June 30, 2011.

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.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **G. Cash, Cash Equivalents and Investments**

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

New Jersey school districts are limited 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.

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 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.

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, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

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

### **I. Tuition Receivable**

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

### **J. Tuition Payable**

Tuition charges for the fiscal years 2009-10 and 2010-11 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

### **K. 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### L. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 40 Years
Furniture and Equipment	7 - 20 Years
Vehicles	8 Years

### M. 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.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

### N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, 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 governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **O. 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 balances of any borrowings 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### **P. Deferred Revenue**

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

### **Q. Fund Equity**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

### **R. Fund Balance Reserves**

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

### **S. Proprietary Funds Revenues and Expenses**

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund (the Food Service) are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **T. Rebatable Arbitrage**

Rebatable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebatable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the Capital Projects Fund. The liability, if any, is recorded in the "Statement of Net Assets".

### **U. Non-Monetary Transactions**

Commodities received under the Federal Food Distribution Program are received by the District and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**V. Allocation of Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, worker's compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

**W. Extraordinary and Special Items**

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

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months, but less than twelve months from the date of purchase, as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

**Deposits**

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

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

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

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

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

As of June 30, 2011, cash and cash equivalents (Deposits) of the District consisted of the following:

Checking and Money Market Accounts, Interest Bearing	<u>\$ 5,686,656.45</u>
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Of the total amount, deposits of \$2,451,000.00 have been earmarked towards the Capital Reserve Account (See Note 4).

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Investments**

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

As of June 30, 2011, the Board had the following investments:

	<u>Fair Value</u>
Investment Type:	
MBIA Assets Management Program Investment Fund (Government Securities)	<u>\$ 99,226.79</u>

**4. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by Resolution on September 28, 2000 by inclusion of \$100.00 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-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.

**4. CAPITAL RESERVE ACCOUNT (Continued)**

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

Balance, July 1, 2010	\$ 1,254,621.00
Increases:	
Deposits Approved by Board Resolution	<u>1,200,000.00</u>
	2,454,621.00
Withdrawals:	
Approved by Voters in District Budget	<u>3,621.00</u>
Ending Balance, June 30, 2011	<u><u>\$ 2,451,000.00</u></u>

Of the balance at June 30, 2011 the District designated and appropriated \$1,250,000.00 in the 2011/2012 original budget certified for taxes.

5. CAPITAL ASSETS

Classification of Balances - June 30, 2011

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reallocation</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>					
Non-Depreciable:					
Land	\$ 6,767,549.00				\$ 6,767,549.00
Construction-in-Progress	141,257.00	738,120.54			879,377.54
	<u>6,908,806.00</u>	<u>738,120.54</u>			<u>7,646,926.54</u>
Depreciable:					
Leasehold Improvements	521,800.00				521,800.00
Site Improvements	3,283,942.00				3,283,942.00
Buildings and Improvements	99,668,915.00	1,433,203.00			101,102,118.00
Machinery and Equipment	6,952,326.00	161,204.00			7,113,530.00
	<u>110,426,983.00</u>	<u>1,594,407.00</u>			<u>112,021,390.00</u>
Total Assets	<u>117,335,789.00</u>	<u>2,332,527.54</u>			<u>119,668,316.54</u>
Less Accumulated Depreciation:					
Leasehold Improvements	(521,800.00)				(521,800.00)
Site Improvements	(1,911,417.00)	(101,842.00)			(2,013,259.00)
Buildings and Improvements	(19,451,462.00)	(2,299,634.00)			(21,751,096.00)
Machinery and Equipment	(6,027,851.00)	(345,459.00)			(6,373,310.00)
Total Accumulated Depreciation	<u>(27,912,530.00)</u>	<u>(2,746,935.00)</u>			<u>(30,659,465.00)</u>
Assets Net of Depreciation	<u>\$ 89,423,259.00</u>	<u>\$ (414,407.46)</u>			<u>\$ 89,008,851.54</u>
<u>Capital Outlay</u>					
General		\$ 510,992.32			
Capital Projects		2,179,307.22			
		<u>2,690,299.54</u>			
Less: Lease Payments		(357,772.00)			
Total Additions to Capital Assets		<u>\$ 2,332,527.54</u>			

Business-Type Activities

The following is a summary of proprietary fund type fixed assets at June 30, 2011:

Machinery and Equipment	\$ 552,902.00
Less: Accumulated Depreciation	(548,279.00)
Net Fixed Assets	<u>\$ 4,623.00</u>

6. LONG-TERM DEBT

Long-Term Liability Conversion Schedule - June 30, 2011

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due One Year	Long-Term Portion
Compensated Absences	\$ 1,375,456.00	\$	\$ 208,855.28	\$ 1,166,600.72	\$	\$ 1,166,600.72
Lease Purchase Payable	197,426.00		197,426.00			
Capital Leases	432,940.00	52,683.00	160,346.00	325,277.00		
Serial Bonds Payable	53,437,000.00		1,530,000.00	51,907,000.00	1,645,000.00	50,262,000.00
Unamortized Premium on Refunding	205,570.00		17,882.00	187,688.00		
Unamortized Loss on Refunding	(723,298.00)		(63,186.00)	(660,112.00)		
	<u>\$ 54,925,094.00</u>	<u>52,683.00</u>	<u>\$ 2,051,323.28</u>	<u>\$ 52,926,453.72</u>	<u>\$ 1,645,000.00</u>	<u>\$ 51,428,600.72</u>

6. **LONG-TERM DEBT (Continued)**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2011 are comprised of the following issues:

\$21,920,000, 2002 Bonds, due in annual installments of \$195,000 to \$555,000 through March 1, 2016, interest at 4.75%	\$ 1,745,000.00
\$33,022,000, 2005 Bonds, due in annual installments of \$620,000 to \$3,892,000 through July 1, 2030, interest at 4.00% to 4.50%	30,872,000.00
\$10,000,000, 2006 Refunding Bonds, due in annual installments of \$220,000 to \$795,000 through March 1, 2027, interest at 4.125% to 4.500%	9,525,000.00
\$10,000,000, 2007 Refunding Bonds, due in annual installments of \$5,000 to \$910,000 through March 1, 2027, interest at 3.75% to 4.00%	<u>9,765,000.00</u>
	<u>\$ 51,907,000.00</u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2012	\$ 1,645,000	\$ 2,202,676	\$ 3,847,676
2013	1,715,000.00	2,131,539	3,846,539
2014	1,790,000.00	2,057,339	3,847,339
2015	1,880,000.00	1,981,214	3,861,214
2016-2020	10,770,000.00	8,608,255	19,378,255
2021-2025	13,375,000.00	6,166,006	19,541,006
2026-2030	16,840,000.00	2,900,688	19,740,688
2031	3,892,000.00	87,570	<u>3,979,570</u>
	<u>\$ 51,907,000</u>	<u>\$ 26,135,287</u>	<u>\$ 78,042,287</u>

6. **LONG-TERM DEBT (Continued)**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 212,630,769.00
Less: Net Debt Issued	<u>51,907,000.00</u>
Remaining Borrowing Power	<u><u>\$ 160,723,769.00</u></u>

**Prior-Year Defeasance of Debt**

In prior years, the District defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements.

**Bonds Authorized but Not Issued**

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

**Capital Leases**

The District is leasing copiers, school buses and maintenance vehicles totaling \$778,768.00 under capital leases. The leases are for terms of 3 to 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u><u>\$ 778,768.00</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

	<u>Governmental Activities Capital Leases</u>
Year Ending June 30:	
2012	\$ 166,803.02
2013	148,514.02
2014	12,647.16
2015	11,006.82
2016	<u>5,589.60</u>
Total Minimum Lease Payments	344,560.62
Less: Amount Representing Interest	<u>(19,283.62)</u>
Total Net Present Value of Lease Payments	<u><u>\$ 325,277.00</u></u>

## **7. PENSION PLANS**

### **Description of Plans**

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

### **Teachers' Pension and Annuity Fund (TPAF)**

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

### **Public Employees' Retirement System (PERS)**

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

### **Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving 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.

**7. PENSION PLANS (Continued)**

**Significant Legislation**

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**Contribution Requirements**

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

**Three-Year Trend Information for PERS**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Net Cost to District</u>	<u>Percentage of APC Contributed</u>
June 30, 2011	\$ 876,663.00	\$ 876,663.00	100%
June 30, 2010	711,077.00 *	711,077.00	100%
June 30, 2009	608,831.00 *	608,831.00	100%

\*Offset either totally or partially by pension credits.

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Post-Retirement Medical Benefits</u>
June 30, 2011	\$ None	100%	\$ 2,297,120.00
June 30, 2010	None	100%	2,084,988.00
June 30, 2009	None	100%	2,000,396.00

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$2,297,120.00 for post-retirement medical 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 \$2,565,541.37 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

## **7. PENSION PLANS (Continued)**

### **Contribution Requirements (Continued)**

Legislation enacted during 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board assumed the increased cost for the early retirement as it affected their district.

## **8. POST-RETIREMENT BENEFITS**

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

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

## **9. COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Assets. The current portion of the compensated absences balance of the governmental funds is reported separately on the Statement of Net Assets.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees.

**10. DEFERRED COMPENSATION**

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

- Thomas Seely
- Variable Annuity Life Insurance Company
- Vision Financial Services
- VTA (American Skandia)
- The Equitable
- Lincoln Investment Planning, Inc.
- Fidelity Investments
- USAA Insurance Company
- Vanguard

**11. RISK MANAGEMENT**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial report.

The District is a member of the School Alliance Insurance Fund (SAIF). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation property, auto and general liability claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

SAIF provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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 if District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

Year Ended June 30th	<u>Contributions</u>	<u>Contributions</u>	<u>Interest</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2011	\$	\$ 107,631.02	\$ 42.31	\$ 33,050.65	\$ 12,122.58
2010	96,609.00	59,514.00		145,238.00	37,500.00
2009	44,247.00	89,152.00		152,569.00	26,504.00

## 12. INTERFUND RECEIVABLES AND PAYABLES

The following are reflected as interfund receivables and payables on the various balance sheets at June 30, 2011:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 231,100.47	\$
Special Revenue Fund		42,632.59
Enterprise Fund		188,467.88
	<u>\$ 231,100.47</u>	<u>\$ 231,100.47</u>

## 13. INVENTORY

Inventory in the Enterprise Fund for regular food and supplies and Food Distribution Program Commodities at June 30, 2011 of \$41,028.61 and \$963.50, respectively, is stated at lower of cost or market.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

## 14. FUND BALANCE APPROPRIATED

**General Fund [Exhibit B-1]** - Of the \$5,250,611.68 General Fund fund balance at June 30, 2011, \$466,404.55 is reserved for encumbrances; \$2,451,000.00 has been reserved in the Capital Reserve Account; \$1,000.00 has been reserved in the Maintenance Reserve Account; \$2,858,899.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; and \$(526,691.87) is unreserved and undesignated.

**Debt Service Fund** - Of the \$1,658.20 Debt Service Fund balance at June 30, 2011, \$1.20 is unreserved and undesignated and \$1,657.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2011.

## 15. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$526,691.87 in the General Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event that a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$526,691.87 [is equal to (or) is less than] the last state aid payment.

## **16. CONTINGENT LIABILITIES**

### **A. Litigation**

The District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Board, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements and would be covered by the District's insurance policy.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**C. BUDGETARY COMPARISON SCHEDULES**

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

C-1  
Sheet #1

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 51,417,909.00	\$	\$ 51,417,909.00	\$ 51,417,909.00	\$ 347,164.06
Miscellaneous	300,000.00		300,000.00	647,164.06	
Total - Local Sources	<u>51,717,909.00</u>		<u>51,717,909.00</u>	<u>52,065,073.06</u>	<u>347,164.06</u>
State Sources:					
Categorical Special Education Aid	2,738,383.00	647,530.00	3,385,913.00	3,385,913.00	
Equalization Aid	14,926,424.00	(647,530.00)	14,278,894.00	14,278,894.00	
Nonpublic Transportation Aid				35,120.34	35,120.34
Extraordinary Aid	526,521.00		526,521.00	631,274.00	104,753.00
Nonbudgeted:					
On-Behalf Contributions				2,297,120.00	2,297,120.00
Reimbursed TPAF Social Security Contributions				2,565,541.37	2,565,541.37
Total - State Sources	<u>18,191,328.00</u>		<u>18,191,328.00</u>	<u>23,193,862.71</u>	<u>5,002,534.71</u>
Federal Sources:					
Medicare Reimbursement	80,654.00		80,654.00	111,406.35	30,752.35
Total - Federal Sources	<u>80,654.00</u>		<u>80,654.00</u>	<u>111,406.35</u>	<u>30,752.35</u>
Total Revenues	<u>\$ 69,989,891.00</u>	<u>\$ -</u>	<u>\$ 69,989,891.00</u>	<u>\$ 75,370,342.12</u>	<u>\$ 5,380,451.12</u>
<u>Expenditures</u>					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool/Kindergarten	1,279,394.00	(45,940.00)	1,233,454.00	1,229,345.20	4,108.80
Grades 1 - 5	7,833,018.00	326,940.00	8,159,958.00	8,044,514.10	115,443.90
Grades 6 - 8	5,017,464.00	167,000.00	5,184,464.00	4,912,214.38	272,249.62
Grades 9 - 12	5,783,018.00	232,000.00	6,015,018.00	5,876,828.92	138,189.08
Home Instruction:					
Purchased Professional - Educational Services	150,000.00	18,000.00	168,000.00	167,971.99	28.01

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

C-1  
Sheet #2

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>Expenditures</b>					
<b>Current Expense:</b>					
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	\$ 342,280.00	64,000.00	\$ 406,280.00	\$ 399,148.08	\$ 7,131.92
Purchased Professional - Educational Services	293,749.00		293,749.00	293,576.30	172.70
Other Purchased Services - Travel	203,000.00		203,000.00	202,206.66	793.34
General Supplies	717,227.00	(6,906.13)	710,320.87	694,240.74	16,080.13
Textbooks	118,963.00	(7,100.00)	111,863.00	66,615.14	45,247.86
Other Objects - Miscellaneous	25,034.00		25,034.00	16,641.92	8,392.08
Total Regular Programs	21,763,147.00	747,993.87	22,511,140.87	21,903,303.43	607,837.44
<b>Special Education:</b>					
Multiple Disabilities					
Salaries of Teachers	190,842.00	194,000.00	384,842.00	384,381.00	461.00
Other Salaries for Instruction	351,432.00		351,432.00	348,810.26	2,621.74
General Supplies	1,875.00		1,875.00	1,693.05	181.95
Total Multiple Disabilities	544,149.00	194,000.00	738,149.00	734,884.31	3,264.69
<b>Learning/Language Disabilities:</b>					
Salaries of Teachers	1,067,150.00	18,000.00	1,085,150.00	1,077,487.85	7,662.15
Other Salaries for Instruction	360,729.00	(91,000.00)	269,729.00	256,689.79	13,039.21
General Supplies	4,250.00		4,250.00	4,106.24	143.76
Total Learning/Language Disabilities	1,432,129.00	(73,000.00)	1,359,129.00	1,338,283.88	20,845.12
<b>Behaviorally Disabled:</b>					
Salaries of Teachers	103,785.00	3,700.00	107,485.00	74,396.32	33,088.68
Other Salaries for Instruction	47,153.00	23,000.00	70,153.00	65,797.20	4,355.80
General Supplies	250.00	300.00	550.00	220.92	329.08
Total Behaviorally Disabled	151,188.00	27,000.00	178,188.00	140,414.44	37,773.56

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

C-1  
 Sheet #3

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>Expenditures</b>					
<b>Current Expense:</b>					
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 3,919,886.00	\$ (80,000.00)	\$ 3,839,886.00	\$ 3,758,268.75	\$ 81,617.25
Other Salaries for Instruction	487,917.00	(48,000.00)	439,917.00	439,625.74	291.26
General Supplies	7,500.00		7,500.00	4,915.11	2,584.89
Total Resource Room/Resource Center	<u>4,415,303.00</u>	<u>(128,000.00)</u>	<u>4,287,303.00</u>	<u>4,202,809.60</u>	<u>84,493.40</u>
Preschool Disabilities Part-Time:					
Salaries of Teachers	335,230.00	5,000.00	340,230.00	338,624.24	1,605.76
Other Salaries for Instruction	71,688.00	1,000.00	72,688.00	55,015.70	17,672.30
General Supplies	11,200.00		11,200.00	8,010.94	3,189.06
Total Preschool Disabilities Part-Time	<u>418,118.00</u>	<u>6,000.00</u>	<u>424,118.00</u>	<u>401,650.88</u>	<u>22,467.12</u>
Preschool Disabilities Full-Time:					
Salaries of Teachers	257,051.00	(34,000.00)	223,051.00	222,098.00	953.00
Other Salaries for Instruction	150,501.00	38,000.00	188,501.00	184,306.00	4,195.00
General Supplies	6,400.00		6,400.00	3,678.28	2,721.72
Total Preschool Disabilities Full-Time	<u>413,952.00</u>	<u>4,000.00</u>	<u>417,952.00</u>	<u>410,082.28</u>	<u>7,869.72</u>
Special Education Instruction - Autism:					
Salaries of Teachers	102,255.00	(100,000.00)	2,255.00	424.00	1,831.00
Other Salaries for Instruction	48,204.00	(45,100.00)	3,104.00	943.20	3,104.00
General Supplies	875.00	100.00	975.00		31.80
Total Special Education Instruction - Autism	<u>151,334.00</u>	<u>(145,000.00)</u>	<u>6,334.00</u>	<u>1,367.20</u>	<u>4,966.80</u>
Total Special Education	<u>7,526,173.00</u>	<u>(115,000.00)</u>	<u>7,411,173.00</u>	<u>7,229,492.59</u>	<u>181,680.41</u>
Basic Skills/Remedial:					
Salaries of Teachers	1,817,335.00	(180,000.00)	1,637,335.00	1,399,454.90	237,880.10
General Supplies	12,000.00		12,000.00	3,818.77	8,181.23
Total Basic Skills/Remedial	<u>1,829,335.00</u>	<u>(180,000.00)</u>	<u>1,649,335.00</u>	<u>1,403,273.67</u>	<u>246,061.33</u>

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

C-1  
 Sheet #4

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>Expenditures</b>					
Current Expense:					
Bilingual Education:					
Salaries of Teachers	\$ 128,952.00	\$ 2,000.00	\$ 130,952.00	\$ 130,286.00	\$ 666.00
General Supplies	1,000.00		1,000.00	1,000.00	1,000.00
Total Bilingual Education	<u>129,952.00</u>	<u>2,000.00</u>	<u>131,952.00</u>	<u>130,286.00</u>	<u>1,666.00</u>
School Sponsored Cocurricular Activities:					
Salaries	164,000.00		164,000.00	160,732.51	3,267.49
Supplies and Materials	24,200.00		24,200.00	10,120.31	14,079.69
Other Objects	101,300.00	(4,400.00)	96,900.00	54,084.17	42,815.83
Total School Sponsored Cocurricular Activities	<u>289,500.00</u>	<u>(4,400.00)</u>	<u>285,100.00</u>	<u>224,936.99</u>	<u>60,163.01</u>
School Sponsored Athletics:					
Salaries	482,000.00	16,000.00	498,000.00	497,782.78	217.22
Purchased Services	114,300.00	(15,400.00)	98,900.00	93,579.44	5,320.56
Supplies and Materials	100,620.00	1,000.00	101,620.00	100,553.19	1,066.81
Other Objects	22,000.00	(2,392.80)	19,607.20	19,500.98	106.22
Total School Sponsored Athletics	<u>718,920.00</u>	<u>(782.80)</u>	<u>718,127.20</u>	<u>711,416.39</u>	<u>6,710.81</u>
Community Service Programs - Operations:					
Salaries	8,000.00		8,000.00	3,616.15	4,383.85
Total - Instruction	<u>32,265,027.00</u>	<u>449,801.07</u>	<u>32,714,828.07</u>	<u>31,606,325.22</u>	<u>1,108,502.85</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAS Within the State - Regular	24,439.00		24,439.00	24,000.00	439.00
Tuition to Other LEAS Within the State - Special	51,200.00		189,200.00	163,339.86	25,860.14
Tuition to County Vocational School Districts - Regular	1,570,000.00	(436,000.00)	1,134,000.00	992,673.00	141,327.00
Tuition to Private Schools for the Handicapped and Other	2,262,200.00	(44,000.00)	2,218,200.00	2,049,147.30	169,052.70
Tuition to Private Schools for the Handicapped	61,000.00	6,620.00	67,620.00	57,910.00	9,710.00
Tuition - State Facilities	40,199.00		40,199.00	40,199.00	
Total Instruction	<u>4,009,038.00</u>	<u>(335,380.00)</u>	<u>3,673,658.00</u>	<u>3,327,289.16</u>	<u>346,368.84</u>
Attendance and Social Work Services:					
Salaries	24,000.00		24,000.00	23,500.00	500.00

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

C-1  
Sheet #5

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>Expenditures</b>					
Current Expense:					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 749,300.00	\$ 10,000.00	\$ 759,300.00	\$ 753,491.00	\$ 5,809.00
Purchased Professional Services	5,000.00	1,000.00	6,000.00	5,219.75	780.25
Supplies and Materials	15,250.00		15,250.00	12,743.61	2,506.39
Total Health Services	<u>769,550.00</u>	<u>11,000.00</u>	<u>780,550.00</u>	<u>771,454.36</u>	<u>9,095.64</u>
Other Support Services Students - Related Services:					
Salaries	1,117,395.00	53,000.00	1,170,395.00	1,165,624.37	4,770.63
Purchased Professional - Educational Services	162,000.00	76,000.00	238,000.00	237,222.00	778.00
Supplies and Materials	7,500.00	(2,000.00)	5,500.00	5,435.13	64.87
Total Other Support Services Students - Related Services	<u>1,286,895.00</u>	<u>127,000.00</u>	<u>1,413,895.00</u>	<u>1,408,281.50</u>	<u>5,613.50</u>
Other Support Services Students - Extraordinary Services:					
Purchased Professional - Educational Services	1,113,000.00	(28,000.00)	1,085,000.00	988,202.64	96,797.36
Other Support Services - Students - Guidance					
Salaries of Other Professional Staff	823,179.00	58,000.00	881,179.00	870,055.31	11,123.69
Salaries of Secretarial and Clerical Assistants	152,980.00	21,000.00	173,980.00	170,611.98	3,368.02
Other Salaries	56,952.00	(1,000.00)	55,952.00	55,331.00	621.00
Purchased Professional - Educational Services	80,821.00	35,956.85	116,777.85	110,142.71	6,635.14
Other Purchased Professional and Technical Services	3,692.00		3,692.00	3,691.68	0.32
Supplies and Materials	4,100.00	4,000.00	8,100.00	6,005.77	2,094.23
Other Objects	10,000.00		10,000.00	9,429.67	570.33
Total Other Support Services - Students - Guidance	<u>1,131,724.00</u>	<u>117,956.85</u>	<u>1,249,680.85</u>	<u>1,225,268.12</u>	<u>24,412.73</u>
Other Support Services - Students - Child Study Teams					
Salaries of Other Professional Staff	1,157,847.00	(15,000.00)	1,142,847.00	1,130,939.33	11,907.67
Salaries of Secretarial and Clerical Assistants	205,132.00	(1,000.00)	204,132.00	166,787.20	37,344.80
Other Purchased Professional and Technical Services	188,000.00		188,000.00	101,865.40	86,134.60
Miscellaneous Purchased Services	55,780.00		55,780.00	16,265.90	39,514.10
Supplies and Materials	33,000.00		33,000.00	23,488.07	9,511.93
Total Other Support Services - Students - Child Study Teams	<u>1,639,759.00</u>	<u>(16,000.00)</u>	<u>1,623,759.00</u>	<u>1,439,345.90</u>	<u>184,413.10</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	895,689.00	37,000.00	932,689.00	917,948.55	14,740.45
Salaries of Other Professional Staff	24,000.00	(5,000.00)	19,000.00	7,540.00	11,460.00
Salaries of Secretarial and Clerical Assistants	34,927.00	1,000.00	35,927.00	35,582.29	344.71
Other Salaries	10,000.00		10,000.00	9,300.00	700.00
Purchased Professional - Educational Services	2,000.00		2,000.00	520.00	2,000.00
Supplies and Materials	4,225.00		4,225.00	517.00	3,705.00
Other Objects	7,150.00		7,150.00	5,147.00	2,003.00
Total Improvement of Instructional Services	<u>977,991.00</u>	<u>33,000.00</u>	<u>1,010,991.00</u>	<u>976,037.84</u>	<u>34,953.16</u>

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

C-1  
 Sheet #6

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<u>Expenditures</u>					
Current Expense:					
Undistributed Expenditures:					
Educational Media Services/School Library:					
Salaries	\$ 481,491.00	\$ (25,000.00)	\$ 456,491.00	\$ 439,380.60	\$ 17,110.40
Other Purchased Services	4,737.00		4,737.00	1,822.60	2,914.40
Supplies and Materials	45,400.00		45,400.00	43,616.91	1,783.09
Total Educational Media Services/School Library	<u>531,628.00</u>	<u>(25,000.00)</u>	<u>506,628.00</u>	<u>484,820.11</u>	<u>21,807.89</u>
Support Services General Administration:					
Salaries	623,339.00	900.00	624,239.00	613,268.89	10,970.11
Legal Services	110,000.00	16,000.00	126,000.00	125,840.39	159.61
Accountants/Audit Fees	40,000.00	(4,000.00)	36,000.00	35,500.00	500.00
Architectural/Engineering service	40,000.00	187,000.00	227,000.00	224,182.18	2,817.82
Purchased Technical Services	11,000.00		11,000.00	7,540.00	3,460.00
Communications/Telephone	335,000.00	2,000.00	337,000.00	318,187.61	18,812.39
Other Purchased Services	297,949.00	(11,000.00)	286,949.00	279,432.73	7,516.27
General Supplies	20,000.00	479.02	20,479.02	16,358.19	4,120.83
BOE In-House Training/Meeting Supplies	2,000.00		2,000.00	1,200.00	800.00
Judgments	5,000.00		5,000.00		5,000.00
Miscellaneous Expenditures	40,000.00		40,000.00	24,911.04	15,088.96
BOE Membership Fees and Dues	30,000.00		30,000.00	26,662.70	3,337.30
Total Support Services General Administration	<u>1,554,288.00</u>	<u>191,379.02</u>	<u>1,745,667.02</u>	<u>1,673,083.73</u>	<u>72,583.29</u>
Support Services General School Administration:					
Salaries of Other Professional Staff	1,815,418.00	(53,950.00)	1,761,468.00	1,760,480.11	987.89
Salaries of Secretarial and Clerical Assistants	743,104.00	3,950.00	747,054.00	743,591.91	3,462.09
Other Purchased Services - Travel	203,500.00	15,000.00	218,500.00	216,395.11	2,104.89
Supplies and Materials	63,125.00	(5,600.00)	57,525.00	46,182.04	11,342.96
Other Objects	37,590.00	5,600.00	43,190.00	42,481.79	708.21
Total Support Services General School Administration	<u>2,862,737.00</u>	<u>(35,000.00)</u>	<u>2,827,737.00</u>	<u>2,809,130.96</u>	<u>18,606.04</u>
Support Services School Administration:					
Salaries	515,138.00	3,000.00	518,138.00	513,740.44	4,397.56
Purchased Professional Services	21,000.00	(5,000.00)	16,000.00	5,655.00	10,345.00
Purchased Technical Services	30,000.00		30,000.00	28,358.30	1,641.70
Miscellaneous Purchased Services - Travel	15,000.00	(8,000.00)	7,000.00	4,220.10	2,779.90
Supplies and Materials	10,000.00		10,000.00	8,537.13	1,462.87
Miscellaneous Expenditures	3,000.00		3,000.00	1,290.00	1,710.00
Total Support Services School Administration	<u>594,138.00</u>	<u>(10,000.00)</u>	<u>584,138.00</u>	<u>561,800.97</u>	<u>22,337.03</u>

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

C-1  
 Sheet #7

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<u>Expenditures</u>					
Current Expense:					
Undistributed Expenditures:					
Administrative Information Technology:					
Salaries	\$ 256,302.00	\$ (8,000.00)	\$ 248,302.00	\$ 247,467.29	\$ 834.71
Purchased Professional Services	74,662.00		74,662.00	74,128.60	533.40
Purchased Professional and Technical Services	114,907.00	5,000.00	119,907.00	118,301.52	1,605.48
Supplies and Materials	4,282.00	6,000.00	10,282.00	9,320.74	961.26
Total Administrative Information Technology	<u>450,153.00</u>	<u>3,000.00</u>	<u>453,153.00</u>	<u>449,218.15</u>	<u>3,934.85</u>
Required Maintenance for School Facilities:					
Salaries	564,537.00	(25,453.84)	539,083.16	525,869.80	13,213.36
Cleaning, Repair and Maintenance Services	336,492.00	102,252.75	438,744.75	378,955.16	59,789.59
General Supplies	190,000.00	(35,000.00)	155,000.00	148,580.06	6,419.94
Other Objects	11,000.00	(5,000.00)	6,000.00	5,365.43	634.57
Total Required Maintenance for School Facilities	<u>1,102,029.00</u>	<u>36,798.91</u>	<u>1,138,827.91</u>	<u>1,058,770.45</u>	<u>80,057.46</u>
Other Operation and Maintenance of Plant Services:					
Salaries	2,031,137.00	(57,000.00)	1,974,137.00	1,922,522.30	51,614.70
Purchased Professional and Technical Services	21,000.00	6,500.00	27,500.00	27,384.30	115.70
Other Purchased Property Services	45,000.00	72,500.00	117,500.00	114,399.91	3,100.09
Insurance	126,000.00		126,000.00	126,000.00	
General Supplies	131,000.00	(4,396.00)	126,604.00	124,531.28	2,072.72
Energy (Heat and Electricity)	933,000.00	(8,000.00)	925,000.00	889,257.65	35,742.35
Energy (Natural Gas)	885,000.00	(324,000.00)	561,000.00	427,555.17	133,444.83
Total Other Operation and Maintenance of Plant Services	<u>4,172,137.00</u>	<u>(314,396.00)</u>	<u>3,857,741.00</u>	<u>3,631,650.61</u>	<u>226,090.39</u>
Total Required Maintenance for School Facilities and Other Operation and Maintenance of Plant Services	<u>5,274,166.00</u>	<u>(277,597.09)</u>	<u>4,996,568.91</u>	<u>4,690,421.06</u>	<u>306,147.85</u>
Undistributed Expenditures:					
Care and Upkeep of Grounds:					
Salaries	124,271.00	7,000.00	131,271.00	129,012.17	2,258.83
Cleaning, Repair and Maintenance Services	110,000.00	(5,000.00)	105,000.00	65,425.00	39,575.00
General Supplies	20,000.00	(3,000.00)	17,000.00	17,000.00	
Total Care and Upkeep of Grounds	<u>254,271.00</u>	<u>(1,000.00)</u>	<u>253,271.00</u>	<u>194,437.17</u>	<u>58,833.83</u>
Security:					
Salaries	107,183.00	1,000.00	108,183.00	107,485.46	697.54

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

C-1  
Sheet #8

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>Expenditures</b>					
<b>Current Expense:</b>					
<b>Undistributed Expenditures:</b>					
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Regular	555,790.00	4,000.00	559,790.00	529,248.37	30,541.63
Salaries for Pupil Transportation (Between Home and School) - Special Education	545,000.00		545,000.00	504,967.51	40,032.49
Salaries for Pupil Transportation (Other Than Between Home and School)	80,000.00		80,000.00	64,720.94	15,279.06
Purchased Professional and Technical Services	12,800.00	2,000.00	14,800.00	8,904.69	5,895.31
Cleaning, Repair and Maintenance Services	24,500.00	5,000.00	29,500.00	25,653.55	3,846.45
Rental Payments - School Buses	2,000.00		2,000.00	663.50	1,336.50
Lease Purchase Payments - School Buses	104,138.00		104,138.00	95,138.48	8,999.52
Contracted Services (Between Home and School) - Vendors	1,695,929.00	144,000.00	1,839,929.00	1,822,459.13	17,469.87
Contracted Services (Other Than Between Home and School) - Vendors	50,000.00	6,000.00	56,000.00	50,848.35	5,151.65
Contracted Services (Between Home and School) - Joint Agreements	5,000.00		5,000.00	(800.00)	5,800.00
Contracted Services - Special Education Students- Vendors	1,000,000.00	(292,000.00)	708,000.00	657,076.38	50,923.62
Contracted Services - Special Education Students Joint Agreement	10,000.00		10,000.00	5,623.74	4,376.26
Contracted Services - Regular Students - ESCs and CTSAs	471,100.00	(115,000.00)	356,100.00	311,347.92	44,752.08
Contracted Services - Aid-in-Lieu - Nonpublic	163,540.00		163,540.00	117,654.87	45,885.13
Miscellaneous Purchased Services - Insurance	16,050.00		16,050.00	10,399.00	5,651.00
General Supplies	105,300.00	58,000.00	163,300.00	163,285.42	14.58
Other Objects	3,000.00		3,000.00	2,637.40	362.60
Total Student Transportation Services	<u>4,844,147.00</u>	<u>(188,000.00)</u>	<u>4,656,147.00</u>	<u>4,369,829.25</u>	<u>286,317.75</u>
<b>Unallocated Benefits - Employee Benefits:</b>					
Social Security Contributions	805,000.00	(60,000.00)	745,000.00	733,481.92	11,518.08
Other Retirement Contributions - Regular	831,960.00	45,000.00	876,960.00	876,663.00	297.00
Unemployment Benefits	60,000.00	96,000.00	156,000.00	155,482.46	517.54
Workers' Compensation Benefits	466,600.00	(9,000.00)	457,600.00	453,117.00	4,483.00
Health Benefits	9,771,192.00	(171,000.00)	9,600,192.00	9,589,583.53	10,608.47
Employee Course Reimbursement	190,000.00	1,000.00	191,000.00	179,630.59	11,369.41
Other Employee Benefits	357,000.00	334,147.20	691,147.20	523,188.65	167,958.55
Total Unallocated Benefits - Employee Benefits	<u>12,481,752.00</u>	<u>236,147.20</u>	<u>12,717,899.20</u>	<u>12,511,147.15</u>	<u>206,752.05</u>

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

C-1  
Sheet #9

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<u>Expenditures</u>					
Current Expense:					
Undistributed Expenditures:					
Nonbudgeted:					
On-Behalf Contributions					
Reimbursed TPAF Social Security Contributions					
Total Undistributed Expenditures	39,906,420.00	(195,494.02)	39,710,925.98	42,873,394.90	(3,162,468.92)
Total Expenditures - Current Expense	72,171,447.00	254,307.05	72,425,754.05	74,479,720.12	(2,053,966.07)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Instruction	3,700.00		3,700.00	3,158.99	541.01
General Administration/Supt Off		6,100.00	6,100.00	6,094.64	5.36
Operation of Plant Services		47,396.00	47,396.00	47,013.60	382.40
Equipment		25,000.00	25,000.00	25,000.00	
Administrative Information Technology	12,212.00	18,000.00	30,212.00	30,026.33	185.67
Total Equipment	15,912.00	96,496.00	112,408.00	111,293.56	1,114.44
Facilities Acquisition and Construction Services:					
Architect/Engineering	28,700.00	20,373.90	49,073.90	34,354.86	14,719.04
Construction Services	166,120.00	172,471.90	338,591.90	144,661.90	193,930.00
Other Objects	208,899.00		208,899.00	208,899.00	
Total Facilities Acquisition and Construction Services	403,719.00	192,845.80	596,564.80	387,915.76	208,649.04
New Equipment/ High School School Sponsored Programs		3,034.00 8,800.00	3,034.00 8,800.00	3,034.00 8,749.00	51.00
Total Capital Outlay	419,631.00	301,175.80	720,806.80	510,992.32	209,814.48
Summer Schools:					
Instruction:					
Salaries of Teachers	40,000.00	(13,000.00)	27,000.00	14,802.00	12,198.00
General Supplies	2,000.00		2,000.00	2,000.00	
Total Instruction - Summer School	42,000.00	(13,000.00)	29,000.00	14,802.00	14,198.00
Total Special Schools	42,000.00	(13,000.00)	29,000.00	14,802.00	14,198.00

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

C-1  
 Sheet #10

	Original Budget	Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Transfer of Funds to Charter Schools	\$ 15,080.00	\$	15,080.00	\$ 7,119.00	\$ 7,961.00
Total Expenditures	72,648,158.00	542,482.85	73,190,640.85	75,012,633.44	(1,821,992.59)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,658,267.00)	(542,482.85)	(3,200,749.85)	357,708.68	3,558,458.53
Other Financing Sources (Uses):					
Transfers to Cover Deficit (Debt Service Fund)	(200,542.00)		(200,542.00)	(200,542.00)	
Total Other Financing Sources (Uses)	(200,542.00)		(200,542.00)	(200,542.00)	
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,858,809.00)	(542,482.85)	(3,401,291.85)	157,166.68	3,558,458.53
Fund Balances, July 1	6,816,373.00		6,816,373.00	6,816,373.00	
Fund Balances, June 30	\$ 3,957,564.00	\$ (542,482.85)	\$ 3,415,081.15	\$ 6,973,539.68	\$ 3,558,458.53
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 1,201,000.00	
Capital Reserve Designated for Subsequent Years' Expenditures				1,250,000.00	
Maintenance Reserve				1,000.00	
Excess Surplus					
Excess Surplus Designated for Subsequent Years' Expenditures				562,041.00	
Committed Fund Balance:					
Reserve for Encumbrances				466,404.55	
Assigned Fund Balance:					
Designated for Subsequent Years' Expenditures				2,296,858.00	
Unassigned Fund Balance				1,196,236.13	
Total				6,973,539.68	
Reconciliation to Governmental Funds Statements (GAAP):				1,722,928.00	
Last State Aid Payment Not Recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)				\$ 5,250,611.68	

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

C-2

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<u>Revenues</u>					
State Sources	\$ 223,000.00	\$ (48,987.00)	\$ 174,013.00	\$ 126,329.54	\$ 47,683.46
Federal Sources	1,555,000.00	1,664,547.89	3,219,547.89	2,656,530.36	563,017.53
Private Sources	<u>1,778,000.00</u>	<u>1,661,818.79</u>	<u>3,439,818.79</u>	<u>2,817,370.31</u>	<u>622,448.48</u>
<u>Expenditures</u>					
<u>Instruction:</u>					
Salaries	425,000.00	64,940.00	489,940.00	486,940.00	3,000.00
Other Salaries for Instruction		133,233.78	133,233.78	55,070.96	78,162.82
Purchased Professional - Educational Services		38,456.00	38,456.00	38,456.00	
Supplies and Materials		79,265.54	79,265.54	78,468.54	797.00
Other Purchased Services	1,264,430.00	152,415.00	1,416,845.00	1,416,845.00	
General Supplies		274,779.98	274,779.98	31,719.19	243,060.79
Other Objects		59,942.49	59,942.49	23,195.00	36,747.49
Textbooks	21,000.00	940.00	21,940.00	20,116.54	1,823.46
Total Instruction	<u>1,710,430.00</u>	<u>803,972.79</u>	<u>2,514,402.79</u>	<u>2,150,811.23</u>	<u>363,591.56</u>
<u>Support Services:</u>					
Salaries of Other Professional Staff		103,774.65	103,774.65	97,983.48	5,791.17
Other Salaries		11,459.34	11,459.34	10,459.34	1,000.00
Personal Services - Employee Benefits		132,431.73	132,431.73	132,431.73	
Purchased Professional - Educational Services		19,139.22	19,139.22	14,998.00	4,141.22
Purchased Professional and Technical Services	25,997.00	350,081.25	376,078.25	247,217.62	128,860.63
Other Purchased Professional Services		540.00	540.00	540.00	
Contracted Services - Transportation	8,596.00		8,596.00	8,596.00	
Other Purchased Services	32,977.00	47,470.92	80,447.92	67,944.92	12,503.00
Other Objects		39,747.50	39,747.50	27,494.79	12,252.71
Travel		1,000.00	1,000.00	1,000.00	
Supplies and Materials		81,642.41	81,642.41	57,893.20	23,749.21
Total Support Services	<u>67,570.00</u>	<u>787,287.02</u>	<u>854,857.02</u>	<u>666,559.08</u>	<u>188,297.94</u>
<u>Facilities Acquisition and Construction</u>					
Buildings					
Instructional Equipment		14,327.98	14,327.98		14,327.98
Non-Instructional Equipment		56,231.00	56,231.00		56,231.00
Total Facilities Acquisition and Construction		<u>70,558.98</u>	<u>70,558.98</u>		<u>70,558.98</u>
Total Expenditures	<u>1,778,000.00</u>	<u>1,661,818.79</u>	<u>3,439,818.79</u>	<u>2,817,370.31</u>	<u>622,448.48</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**SAYERVILLE BOROUGH SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET-TO-GAAP RECONCILIATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

C-3

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 75,370,342.12	[C-2]	\$ 2,817,369.31
Difference - Budget-to-GAAP:				
State aid payment recognized for budgetary purposes, not recognized for GAAP statements - current year		(1,722,928.00)		
State aid payment not recognized for budgetary purposes, recognized for GAAP statements - prior year		<u>2,781,641.00</u>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>\$ 76,429,055.12</u>	[B-2]	<u>\$ 2,817,369.31</u>
<b>Uses/Outflows of Resources:</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 75,012,633.44	[C-2]	\$ 2,817,369.31
Difference - Budget-to-GAAP:				
Net transfers (outflows) to the enterprise fund				
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>\$ 75,012,633.44</u>	[B-2]	<u>\$ 2,817,369.31</u>

**OTHER SUPPLEMENTARY INFORMATION**

**D. SCHOOL BASED BUDGET SCHEDULES (IF APPLICABLE)**

**E. SPECIAL REVENUE FUND**

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

E-1  
Sheet #1

	Nonpublic Chapter 192			Nonpublic Chapter 193					
	Nonpublic Textbooks	Nonpublic Nursing	Public Transportation	Compensatory Education	Nonpublic ESL	Supplemental Instruction	Exam and Classification	Annual Review	Corrective Speech
REVENUES:									
State Sources	\$ 20,116.54	\$ 25,997.00	\$ 8,596.00	\$ 21,769.00	\$ 2,562.00	\$ 12,507.00	\$ 7,808.00	\$ 6,393.00	\$ 18,776.00
Federal Sources									
Private Sources									
<b>Total Revenues</b>	<u>\$ 20,116.54</u>	<u>\$ 25,997.00</u>	<u>\$ 8,596.00</u>	<u>\$ 21,769.00</u>	<u>\$ 2,562.00</u>	<u>\$ 12,507.00</u>	<u>\$ 7,808.00</u>	<u>\$ 6,393.00</u>	<u>\$ 18,776.00</u>
EXPENDITURES:									
Instruction:									
Salaries	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other Salaries for Instruction									
Purchased Professional-Educational Services									
Supplies and Materials				21,769.00	2,562.00	12,507.00			
Other Purchased Services									
General Supplies									
Other Objects									
Textbooks	<u>20,116.54</u>								
	<u>20,116.54</u>								
Support Services:									
Salaries of Other Professional Staff									
Other Salaries									
Personal Services - Employee Benefits									
Purchased Professional and Technical Services		25,997.00							
Purchased Professional-Educational Services									
Other Purchased Professional Services									
Contracted Services - Transportation			8,596.00						
Other Objects									
Other Purchased Services							7,808.00	6,393.00	18,776.00
Travel									
Supplies and Materials									
		<u>25,997.00</u>	<u>8,596.00</u>				<u>7,808.00</u>	<u>6,393.00</u>	<u>18,776.00</u>
<b>Total Expenditures</b>	<u>\$ 20,116.54</u>	<u>\$ 25,997.00</u>	<u>\$ 8,596.00</u>	<u>\$ 21,769.00</u>	<u>\$ 2,562.00</u>	<u>\$ 12,507.00</u>	<u>\$ 7,808.00</u>	<u>\$ 6,393.00</u>	<u>\$ 18,776.00</u>

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

E-1  
Sheet #2

	Title I (Chapter 1)		Title IIA	
	Part A	Part A Carryover	FY 2011	Carryover FY 2010
<b>REVENUES:</b>				
State Sources	\$ 520,837.00	\$ 11,429.64	\$ 137,439.91	\$ 20,223.47
Federal Sources				
Private Sources				
<b>Total Revenues</b>	<u>\$ 520,837.00</u>	<u>\$ 11,429.64</u>	<u>\$ 137,439.91</u>	<u>\$ 20,223.47</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries	\$ 370,800.00	\$	\$ 53,500.00	\$
Other Salaries for Instruction	18,245.00			
Purchased Professional-Educational Services	18,543.00	2,000.00	17,913.00	
Supplies and Materials				
Other Purchased Services		2,351.64	727.62	8,940.97
General Supplies				
Other Objects				
Textbooks	<u>407,588.00</u>	<u>4,351.64</u>	<u>72,140.62</u>	<u>8,940.97</u>
Support Services:				
Salaries of Other Professional Staff	22,239.00		30,577.00	
Other Salaries				1,450.00
Personal Services - Employee Benefits	82,185.00		14,081.00	
Purchased Professional and Technical Services				
Purchased Professional-Educational Services				
Other Purchased Professional Services				
Contracted Services - Transportation			20,641.29	6,832.50
Other Objects	7,791.00	6,078.00		3,000.00
Other Purchased Services		1,000.00		
Travel		<u>7,078.00</u>	<u>65,299.29</u>	<u>11,282.50</u>
Supplies and Materials	<u>1,034.00</u>			
	<u>113,249.00</u>			
<b>Total Expenditures</b>	<u>\$ 520,837.00</u>	<u>\$ 11,429.64</u>	<u>\$ 137,439.91</u>	<u>\$ 20,223.47</u>

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

E-1  
Sheet #3

	IDEA						Title III	
	Regular Program Part B	Preschool Handicapped	Basic ARRA Carryover	ARRA Preschool Carryover	Carryover Part B	Carryover Preschool Handicapped	FY 2011	Carryover FY 2010
<b>REVENUES:</b>								
State Sources	\$ 1,383,388.00	\$ 58,660.25	\$ 458,068.82	\$ 3,094.00	\$ 9,780.39	\$ 3,762.00	\$ 20,618.00	\$ 950.00
Federal Sources								
Private Sources								
<b>Total Revenues</b>	<u>\$ 1,383,388.00</u>	<u>\$ 58,660.25</u>	<u>\$ 458,068.82</u>	<u>\$ 3,094.00</u>	<u>\$ 9,780.39</u>	<u>\$ 3,762.00</u>	<u>\$ 20,618.00</u>	<u>\$ 950.00</u>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries	\$	\$	\$ 43,875.00	\$	\$	\$	\$ 16,000.00	\$
Other Salaries for Instruction			36,375.96				450.00	
Purchased Professional-Educational Services			77,518.54					950.00
Supplies and Materials								
Other Purchased Services	1,322,702.00	57,305.00						
General Supplies								
Other Objects								
Textbooks	<u>1,322,702.00</u>	<u>57,305.00</u>	<u>157,769.50</u>				<u>16,450.00</u>	<u>950.00</u>
Support Services:								
Salaries of Other Professional Staff			44,761.48				357.00	
Other Salaries			9,009.34					
Personal Services - Employee Benefits			32,645.73				3,361.00	
Purchased Professional and Technical Services			142,542.98	3,094.00	9,780.39	3,762.00		
Purchased Professional-Educational Services	60,686.00	1,355.25						
Other Purchased Professional Services			4,988.00					
Contracted Services - Transportation			540.00					
Other Objects							450.00	
Other Purchased Services			10,258.00					
Travel								
Supplies and Materials	<u>60,686.00</u>	<u>1,355.25</u>	<u>55,543.79</u>	<u>3,094.00</u>	<u>9,780.39</u>	<u>3,762.00</u>	<u>4,168.00</u>	
<b>Total Expenditures</b>	<u>\$ 1,383,388.00</u>	<u>\$ 58,660.25</u>	<u>\$ 458,068.82</u>	<u>\$ 3,094.00</u>	<u>\$ 9,780.39</u>	<u>\$ 3,762.00</u>	<u>\$ 20,618.00</u>	<u>\$ 950.00</u>

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

E-1  
Sheet #4

	Title IID		Perkins Grant Carryover	Home Instruction	TAH Grant	Rebel Grant	Exxon Grant	MSG Grant
	FY 2011	Carryover FY 2010						
<b>REVENUES:</b>								
State Sources	\$ 87.00	\$ 1,989.96	\$ 5,586.28	\$ 1,805.00	\$ 9,675.00	\$ 500.00	\$ 750.00	\$ 1,000.00
Federal Sources		20,615.64						
Private Sources								
<b>Total Revenues</b>	<b>\$ 87.00</b>	<b>\$ 1,989.96</b>	<b>\$ 5,586.28</b>	<b>\$ 1,805.00</b>	<b>\$ 9,675.00</b>	<b>\$ 500.00</b>	<b>\$ 750.00</b>	<b>\$ 1,000.00</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries	\$	\$ 960.00	\$	\$ 1,805.00	\$	\$	\$	\$
Other Salaries for Instruction								
Purchased Professional-Educational Services								
Supplies and Materials								
Other Purchased Services	87.00	1,909.96	5,586.28		9,675.00	500.00	750.00	1,000.00
General Supplies								
Other Objects								
Textbooks	87.00	1,909.96	5,586.28	1,805.00	9,675.00	500.00	750.00	1,000.00
<b>Support Services:</b>								
Salaries of Other Professional Staff		49.00						
Other Salaries								
Personal Services - Employee Benefits		10.00	149.00					
Purchased Professional and Technical Services								
Purchased Professional-Educational Services								
Other Purchased Professional Services								
Contracted Services - Transportation		21.00						
Other Objects								
Other Purchased Services								
Travel								
Supplies and Materials		80.00						
<b>Total Expenditures</b>	<b>\$ 87.00</b>	<b>\$ 1,989.96</b>	<b>\$ 5,586.28</b>	<b>\$ 1,805.00</b>	<b>\$ 9,675.00</b>	<b>\$ 500.00</b>	<b>\$ 750.00</b>	<b>\$ 1,000.00</b>

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

E-1  
Sheet #5

	<u>S.A.F.E. Grant</u>	<u>Dupont Grant</u>	<u>Optimum Grant</u>	<u>School Counseling</u>	<u>Totals 2011</u>
<b>REVENUES:</b>					
State Sources	\$		\$	\$	\$ 126,329.54
Federal Sources	<u>9,800.00</u>	<u>1,470.00</u>	<u>10,000.00</u>	<u>1,315.41</u>	<u>2,656,530.36</u>
Private Sources					34,510.41
<b>Total Revenues</b>	<u>\$ 9,800.00</u>	<u>\$ 1,470.00</u>	<u>\$ 10,000.00</u>	<u>\$ 1,315.41</u>	<u>\$ 2,817,370.31</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	\$		\$		\$ 486,940.00
Other Salaries for Instruction					55,070.96
Purchased Professional-Educational Services					38,456.00
Supplies and Materials					78,468.54
Other Purchased Services					1,416,845.00
General Supplies	9,800.00				31,719.19
Other Objects		1,470.00			23,195.00
Textbooks	<u>9,800.00</u>	<u>1,470.00</u>			<u>20,116.54</u>
<b>Support Services:</b>					
Salaries of Other Professional Staff					97,983.48
Other Salaries					10,459.34
Personal Services - Employee Benefits					132,431.73
Purchased Professional and Technical Services					247,217.62
Purchased Professional-Educational Services			10,000.00		14,998.00
Other Purchased Professional Services					540.00
Contracted Services - Transportation					8,596.00
Other Objects					27,494.79
Other Purchased Services					67,944.92
Travel				1,315.41	1,000.00
Supplies and Materials					57,893.20
<b>Total Expenditures</b>	<u>\$ 9,800.00</u>	<u>\$ 1,470.00</u>	<u>\$ 10,000.00</u>	<u>\$ 1,315.41</u>	<u>\$ 2,817,370.31</u>

**F. CAPITAL PROJECTS FUND**

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

F-1

<u>Project Title/Issue</u>	Modified Appropriations <u>July 1, 2010</u>	<u>Expenditures to Date</u>		Project Balance <u>June 30, 2011</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Sayreville War Memorial High School Additions/Renovation	\$ 49,132,907.00	\$ 48,130,911.00	\$ 773,428.22	\$ 228,567.78
EDA Grant 4660-050-09-1006 Arleth Elementary Roof Project	263,859.00	253,709.00	10,150.00	
EDA Grant 4660-120-09-2007 Wilson Elementary Floor Project	78,850.00	69,200.00		9,650.00
EDA Grant 4660-120-09-2008 Wilson Elementary Heating Project	1,605,955.00	58,266.00	1,103,329.00	444,360.00
EDA Grant 4660-060-10-1001 Arleth - Roof Project Phase II	693,300.00	44,400.00	292,400.00	356,500.00
		<u>\$ 48,556,486.00</u>	<u>\$ 2,179,307.22</u>	<u>\$ 1,039,077.78</u>

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

F-2

**Revenues and Other Financing Sources:**

**Revenues:**

Interest	\$
SDA Grants	

**Other Financing Sources**

Transfer In - General Fund	
permanently Financed Project Note	

Total Revenues

**Expenditures and Other Financing Uses:**

Other Purchased Professional and Technical Services	33,672.00
Construction Services	2,086,200.20
Other Objects	<u>59,435.02</u>

Total Expenditures	<u>2,179,307.22</u>
--------------------	---------------------

Other Financing Sources:

Transfer out

Total Other Financing Sources

Excess (Deficiency) of Revenues Over/(Under) Expenditures

(2,179,307.22)

Fund Balance - Beginning

3,218,385.00

Fund Balance - Ending

\$ 1,039,077.78

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGETARY BASIS  
 SAYREVILLE WAR MEMORIAL HIGH SCHOOL ADDITION/RENOVATIONS  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

F-2a

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
State Sources - EDA Grant	\$ 13,910,264.00	\$	\$ 13,910,264.00	\$ 13,910,264.00
Reallocated Proceeds	2,200,000.00		2,200,000.00	2,200,000.00
Bond Proceeds	33,022,000.00		33,022,000.00	33,022,000.00
Local Share - Capital Outlay	643.00		643.00	643.00
	<u>49,132,907.00</u>		<u>49,132,907.00</u>	<u>49,132,907.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased Professional and Technical Services	3,875,803.39	12,145.00	3,887,948.39	3,982,907.00
Construction Services	43,321,248.07	701,848.20	44,023,096.27	44,050,000.00
Other Objects	933,859.54	59,435.02	993,294.56	1,100,000.00
	<u>48,130,911.00</u>	<u>773,428.22</u>	<u>48,904,339.22</u>	<u>49,132,907.00</u>
Excess of Revenues Over Expenditures	<u>\$ 1,001,996.00</u>	<u>\$ (773,428.22)</u>	<u>\$ 228,567.78</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	4660-050-05-1000
Date	April 19, 2005
Bond Authorization Date	July 5, 2005
Bonds Authorized	33,022,000.00
Bonds Issued	33,022,000.00
Original Authorized Cost	46,932,907.00
Additional Authorized Cost	2,200,000.00
Revised Authorized Cost	49,132,907.00

Percentage Increase/(Decrease) Over Original Authorized Cost	4.69%
Original Target Completion Date	NA
Revised Target Completion Date	NA

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGETARY BASIS  
 ARLETH ELEMENTARY SCHOOL - ROOF REPLACEMENT PROJECT  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

F-2b

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
State Sources - EDA Grant	\$ 105,544.00	\$	\$ 105,544.00	\$ 105,544.00
Local share - capital Outlay	<u>158,315.00</u>		<u>158,315.00</u>	<u>158,315.00</u>
 Total Revenues	 <u>263,859.00</u>		 <u>263,859.00</u>	 <u>263,859.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased Professional and Technical Services	29,859.00		29,859.00	29,859.00
Construction Services	<u>223,850.00</u>	10,150.00	<u>234,000.00</u>	<u>234,000.00</u>
 Total Expenditures	 <u>253,709.00</u>	 10,150.00	 <u>263,859.00</u>	 <u>263,859.00</u>
 Excess of Revenues Over Expenditures	 <u>\$ 10,150.00</u>	 <u>\$ 10,150.00</u>	 <u>\$ -</u>	 <u>\$ -</u>

**Additional Project Information:**

Project Number	4660-050-09-1006
Date	January 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 263,859.00
Additional Authorized Cost	
Revised Authorized Cost	\$ 263,859.00
Percentage Increase/(Decrease) Over Original Authorized Cost	N/A
Percentage Completion	96.15%
Original Target Completion Date	June 30, 2010
Revised Target Completion Date	N/A

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGETARY BASIS  
 WILSON ELEMENTARY SCHOOL - MULTI-PURPOSE FLOOR PROJECT  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

F-2c

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
State Sources - EDA Grant	\$ 24,540.00	\$	\$ 24,540.00	\$ 24,540.00
Local share - capital Outlay	<u>54,310.00</u>		<u>54,310.00</u>	<u>54,310.00</u>
 Total Revenues	 <u>78,850.00</u>		 <u>78,850.00</u>	 <u>78,850.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased Professional and Technical Services	6,100.00		6,100.00	15,750.00
Construction Services	<u>63,100.00</u>		<u>63,100.00</u>	<u>63,100.00</u>
 Total Expenditures	 <u>69,200.00</u>		 <u>69,200.00</u>	 <u>78,850.00</u>
 Excess of Revenues Over Expenditures	 <u>\$ 9,650.00</u>	 <u>\$ -</u>	 <u>\$ 9,650.00</u>	 <u>\$ -</u>

**Additional Project Information:**

Project Number	4660-120-09-2007
Date	July 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 61,350.00
Additional Authorized Cost	\$ 17,500.00
Revised Authorized Cost	\$ 78,850.00
 Percentage Increase/(Decrease) Over Original Authorized Cost	 28.52%
Percentage Completion	96.15%
Original Target Completion Date	June 30, 2010
Revised Target Completion Date	N/A

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGETARY BASIS  
 WILSON ELEMENTARY SCHOOL - HEATING SYSTEM UPGRADES PROJECT  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

F-2d

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
State Sources - EDA Grant	\$ 642,382.00	\$	\$ 642,382.00	\$ 642,382.00
Local Share - Capital Outlay	963,573.00		963,573.00	963,573.00
<b>Total Revenues</b>	<b>1,605,955.00</b>		<b>1,605,955.00</b>	<b>1,605,955.00</b>
<b>Expenditures and Other Financing Uses:</b>				
Purchased Professional and Technical Services	58,266.00	17,127.00	75,393.00	426,825.00
Construction Services		1,086,202.00	1,086,202.00	1,179,130.00
<b>Total Expenditures</b>	<b>58,266.00</b>	<b>1,103,329.00</b>	<b>1,161,595.00</b>	<b>1,605,955.00</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ 1,547,689.00</b>	<b>\$ (1,103,329.00)</b>	<b>\$ 444,360.00</b>	<b>\$ -</b>
<b>Additional Project Information:</b>				
Project Number	4660-120-09-2008			
Date	August 2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,605,955.00			
Additional Authorized Cost				
Revised Authorized Cost	\$ 1,605,955.00			
Percentage Increase/(Decrease) Over				
Original Authorized Cost	N/A			
Percentage Completion	3.63%			
Original Target Completion Date	June 30, 2011			
Revised Target Completion Date	N/A			

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGETARY BASIS  
 ARLETH ELEMENTARY SCHOOL - PHASE II REPLACEMENT PROJECT  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

F-2e

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
State Sources - EDA Grant	\$ 277,320.00	\$	\$ 277,320.00	\$ 277,320.00
Local Share - Capital Outlay	<u>415,980.00</u>		<u>415,980.00</u>	<u>415,980.00</u>
Total Revenues	<u>693,300.00</u>		<u>693,300.00</u>	<u>693,300.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased Professional and Technical Services	44,400.00	4,400.00	48,800.00	97,062.00
Construction Services	<u>                    </u>	<u>288,000.00</u>	<u>288,000.00</u>	<u>596,238.00</u>
Total Expenditures	<u>44,400.00</u>	<u>292,400.00</u>	<u>336,800.00</u>	<u>693,300.00</u>
Excess of Revenues Over Expenditures	<u>\$ 648,900.00</u>	<u>\$ (292,400.00)</u>	<u>\$ 356,500.00</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	4660-060-10-1001			
Date				
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 693,300.00			
Additional Authorized Cost				
Revised Authorized Cost	\$ 693,300.00			
Percentage Increase/(Decrease) Over Original Authorized Cost	N/A			
Percentage Completion	6.40%			
Original Target Completion Date	June 30, 2011			
Revised Target Completion Date	N/A			

**G. PROPRIETARY FUNDS**

**ENTERPRISE FUND**

SAYERVILLE BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2011

G-1

	Business-Type Activities Enterprise Funds		
	Food Service	Community School	Totals
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 235,418.61	\$ 93,130.25	\$ 328,548.86
Accounts Receivable:			
State Sources	2,177.74		2,177.74
Federal Sources	77,235.38		77,235.38
Inventories:			
Regular	41,992.11		41,992.11
<b>Total Current Assets</b>	<b>356,823.84</b>	<b>93,130.25</b>	<b>449,954.09</b>
Noncurrent Assets:			
Furniture, Machinery and Equipment	552,902.00		552,902.00
Less: Accumulated Depreciation	(548,279.00)		(548,279.00)
<b>Total Noncurrent Assets</b>	<b>4,623.00</b>		<b>4,623.00</b>
<b>Total Assets</b>	<b>\$ 361,446.84</b>	<b>\$ 93,130.25</b>	<b>\$ 454,577.09</b>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	59,726.43	641.13	60,367.56
Interfunds Payable	188,467.88		188,467.88
Unearned Revenue	963.50	24,133.00	25,096.50
	<b>\$ 249,157.81</b>	<b>\$ 24,774.13</b>	<b>\$ 273,931.94</b>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 4,623.00	\$	\$ 4,623.00
Unrestricted	107,666.03	68,356.12	176,022.15
<b>Total Net Assets</b>	<b>\$ 112,289.03</b>	<b>\$ 68,356.12</b>	<b>\$ 180,645.15</b>

SAYERVILLE BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

G-2

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Community School</u>	<u>Total Enterprise</u>
Operating Revenues:			
Charges for Services:			
Daily Sales	\$ 1,127,118.69	\$	\$ 1,127,118.69
Other	1,603.12		1,603.12
Program Fees		141,746.60	141,746.60
Total Operating Revenues	<u>1,128,721.81</u>	<u>141,746.60</u>	<u>1,270,468.41</u>
Operating Expenses:			
Cost of Sales	933,918.35		933,918.35
Salaries	937,310.20	125,635.81	1,062,946.01
Repairs and Maintenance	17,706.75		17,706.75
Supplies and Materials	100,815.26	5,488.67	106,303.93
Miscellaneous	4,964.87		4,964.87
Depreciation	69,793.00		69,793.00
Total Operating Expenses	<u>2,064,508.43</u>	<u>131,124.48</u>	<u>2,195,632.91</u>
Operating (Loss)/Gain	<u>(935,786.62)</u>	<u>10,622.12</u>	<u>(925,164.50)</u>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	22,917.54		22,917.54
Federal Sources:			
National School Lunch Program	841,456.36		841,456.36
USDA Food Commodities	101,272.05		101,272.05
Total Nonoperating Revenues	<u>965,645.95</u>		<u>965,645.95</u>
Change in Net Assets	29,859.33	10,622.12	40,481.45
Total Net Assets - Beginning	<u>82,429.70</u>	<u>57,734.00</u>	<u>140,163.70</u>
Total Net Assets - Ending	<u>\$ 112,289.03</u>	<u>\$ 68,356.12</u>	<u>\$ 180,645.15</u>

SAYERVILLE BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

G-3

	Business-Type Activities Enterprise Funds		
	Food Service	Community School	Total Enterprise
<u>Cash Flows from Operating Activities</u>			
Receipts from Customers	\$ 1,127,118.69	\$ 143,546.60	\$ 1,270,665.29
Payments to Employees for Salaries and Benefits	(937,310.20)	(125,635.81)	(1,062,946.01)
Payments to Suppliers	(956,989.48)	(5,274.54)	(962,264.02)
Net Cash Provided by (Used for) Operating Activities	(767,180.99)	12,636.25	(754,544.74)
 <u>Cash Flows from Noncapital Financing Activities</u>			
State Sources	24,693.58		24,693.58
Federal Sources	838,077.05		838,077.05
Other Sources	1,603.12		1,603.12
Net Cash Provided by Noncapital Financing Activities	864,373.75		864,373.75
Net Increase (Decrease) in Cash and Cash Equivalents	97,192.76	12,636.25	109,829.01
Balances - Beginning of Year	138,225.85	80,494.00	218,719.85
Balances - End of Year	\$ 235,418.61	\$ 93,130.25	\$ 328,548.86
<u>Reconciliation of Operating Loss to Net Cash (Used) by Operating Activities:</u>			
Operating (Loss) / Gain	\$ (935,786.62)	\$ 10,622.12	\$ (925,164.50)
<u>Adjustments to Reconcile Operating Loss to Cash Provided (Used) by Operating Activities:</u>			
Depreciation	69,793.00		69,793.00
Federal Commodities	101,272.05		101,272.05
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(1,603.12)		(1,603.12)
(Increase)/Decrease in Inventory	5,130.89		5,130.89
Increase/(Decrease) in Accounts Payable	(5,987.19)	2,014.13	(3,973.06)
Total Adjustments	168,605.63	2,014.13	170,619.76
Net Cash Provided (Used) by Operating Activities	\$ (767,180.99)	\$ 12,636.25	\$ (754,544.74)

**INTERNAL SERVICE FUND**

## H. FIDUCIARY FUNDS

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2011

H-1

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Trust Fund</u>	<u>Agency Fund</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$ 12,122.58</u>	<u>\$ 49,829.33</u>	<u>\$ 297,456.93</u>
<u>LIABILITIES</u>			
Payable to Student Groups			\$ 223,490.28
Payroll Deductions and Withholdings			<u>73,966.65</u>
Total Liabilities			<u>\$ 297,456.93</u>
<u>NET ASSETS</u>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 12,122.58</u>	<u>\$ 49,829.33</u>	

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

H-2

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship Trust Fund</u>
<u>Additions</u>		
Investment Earnings:		
Employees' Contributions	\$ 107,631.02	\$
Private Donations		34,147.26
Investment Earnings:		
Interest	<u>42.31</u>	<u>117.07</u>
Total Additions	<u>107,673.33</u>	<u>34,264.33</u>
<u>Deductions</u>		
Quarterly Contribution Reports	41,908.69	
Unemployment Claims	91,141.96	
Scholarship Awards		<u>30,000.00</u>
Total Deductions	<u>133,050.65</u>	<u>30,000.00</u>
Change in Net Assets	(25,377.32)	4,264.33
Total Net Assets - Beginning	<u>37,499.90</u>	<u>45,565.00</u>
Total Net Assets - Ending	<u><u>\$ 12,122.58</u></u>	<u><u>\$ 49,829.33</u></u>

SAYREVILLE BOROUGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

H-3

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Elementary Schools:				
Emma L. Arleth	\$ 3,316.00	\$ 2,767.67	\$ 4,986.78	\$ 1,096.89
Eisenhower	2,963.00	214.66	172.25	3,005.41
Harry S. Truman	13,270.00		1,399.14	11,870.86
Wilson	1,899.00		0.12	1,898.88
Selover	120.00		100.37	19.63
Upper Elementary School	<u>5,193.00</u>	<u>1,035.60</u>	<u>1,706.64</u>	<u>4,521.96</u>
 Total Elementary Schools	 <u>26,761.00</u>	 <u>4,017.93</u>	 <u>8,365.30</u>	 <u>22,413.63</u>
 Middle School:				
Middle	<u>25,850.00</u>	<u>110,667.69</u>	<u>110,687.85</u>	<u>25,829.84</u>
 Total Middle School	 <u>25,850.00</u>	 <u>110,667.69</u>	 <u>110,687.85</u>	 <u>25,829.84</u>
 Senior High Schools:				
War Memorial	172,400.00	435,010.48	432,295.67	175,114.81
Athletic Account	<u>182.00</u>	<u>67,329.07</u>	<u>67,379.07</u>	<u>132.00</u>
 Total Senior High Schools	 <u>172,582.00</u>	 <u>502,339.55</u>	 <u>499,674.74</u>	 <u>175,246.81</u>
 Total All Schools	 <u>\$225,193.00</u>	 <u>\$ 617,025.17</u>	 <u>\$ 618,727.89</u>	 <u>\$ 223,490.28</u>

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 PAYROLL AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

H-4

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
 <u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$ 2,042.32</u>	<u>\$ 49,993,142.91</u>	<u>\$ 49,921,218.58</u>	<u>\$ 73,966.65</u>
 <u>LIABILITIES</u>				
Liabilities:				
Payroll Deductions and Withholdings	<u>\$ 2,042.32</u>	<u>\$ 49,993,142.91</u>	<u>\$ 49,921,218.58</u>	<u>\$ 73,966.65</u>
Total Liabilities	<u>\$ 2,042.32</u>	<u>\$ 49,993,142.91</u>	<u>\$ 49,921,218.58</u>	<u>\$ 73,966.65</u>

**I. LONG-TERM DEBT**

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 SCHEDULE OF SERIAL BONDS  
 LONG-TERM DEBT  
 JUNE 30, 2011

I-1  
Sheet #1

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2010</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>				
Serial Bonds	7/15/1999	\$ 4,945,000.00		\$		\$ 205,000.00	\$ 205,000.00	\$
Serial Bonds	3/1/2002	21,920,000.00	3/01/2012	555,000.00	4.750%			
			3/01/2013	310,000.00	4.750%			
			3/01/2014	320,000.00	4.750%			
			3/01/2015	365,000.00	4.750%			
			3/01/2016	195,000.00	4.750%	2,275,000.00	530,000.00	1,745,000.00
Serial Bonds	7/1/2005	33,022,000.00	7/01/2011	620,000.00	4.00%			
			7/01/2012	655,000.00	4.00%			
			7/01/2013	695,000.00	4.00%			
			7/01/2014	675,000.00	4.00%			
			7/01/2015	850,000.00	4.00%			
			7/01/2016	900,000.00	4.00%			
			7/01/2017	930,000.00	4.00%			
			7/01/2018	985,000.00	4.00%			
			7/01/2019	1,060,000.00	4.00%			
			7/01/2020	1,110,000.00	4.25%			
			7/01/2021	1,160,000.00	4.25%			
			7/01/2022	1,220,000.00	4.25%			
			7/01/2023	1,280,000.00	4.25%			
			7/01/2024	1,340,000.00	4.25%			
			7/01/2025	1,400,000.00	4.25%			
			7/01/2026	1,470,000.00	4.25%			
			7/01/2027	3,375,000.00	4.25%			
			7/01/2028	3,540,000.00	4.25%			
			7/01/2029	3,715,000.00	4.25%			
			7/01/2030	3,892,000.00	4.25%	31,457,000.00	585,000.00	30,872,000.00

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 SCHEDULE OF SERIAL BONDS  
 LONG-TERM DEBT  
 JUNE 30, 2011

L-1  
 Sheet #2

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2010</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds	9/1/2006	\$ 10,000,000.00		\$	4.50%	\$	\$	\$
			3/01/2012	220,000.00	4.50%			
			3/01/2013	495,000.00	4.50%			
			3/01/2014	505,000.00	4.50%			
			3/01/2015	560,000.00	4.50%			
			3/01/2016	520,000.00	4.50%			
			3/01/2017	540,000.00	4.00%			
			3/01/2018	570,000.00	4.00%			
			3/01/2019	585,000.00	4.00%			
			3/01/2020	600,000.00	4.00%			
			3/01/2021	620,000.00	4.00%			
			3/01/2022	650,000.00	4.00%			
			3/01/2023	675,000.00	4.00%			
			3/01/2024	700,000.00	4.100%			
			3/01/2025	730,000.00	4.100%			
			3/01/2026	760,000.00	4.125%			
			3/01/2027	795,000.00	4.125%			
					9,730,000.00	205,000.00	9,525,000.00	
Refunding Bonds	1/1/2007	10,000,000.00			3.75%			
			3/01/2012	250,000.00	4.00%			
			3/01/2013	255,000.00	4.00%			
			3/01/2014	270,000.00	4.00%			
			3/01/2015	280,000.00	4.00%			
			3/01/2016	400,000.00	4.00%			
			3/01/2017	615,000.00	4.00%			
			3/01/2018	655,000.00	4.00%			
			3/01/2019	675,000.00	4.00%			
			3/01/2020	690,000.00	4.00%			
			3/01/2021	720,000.00	4.00%			
			3/01/2022	745,000.00	4.00%			
			3/01/2023	775,000.00	4.00%			
			3/01/2024	810,000.00	4.00%			
			3/01/2025	840,000.00	4.00%			
			3/01/2026	875,000.00	4.00%			
			3/01/2027	910,000.00	4.00%			
					9,770,000.00	5,000.00	9,765,000.00	
					\$ 53,437,000.00	\$ 1,530,000.00	\$ 51,907,000.00	

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 LONG-TERM DEBT  
 JUNE 30, 2011

1-2

<u>Series</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2011</u>
One Savin Copier - 9025B	\$ 7,678.00	\$	\$ 7,678.00	\$ 1,291.00	\$ 6,387.00
One Savin Copier - 907EX	28,039.00		28,039.00	3,696.00	24,343.00
One Savin Copier - 9060SP	16,966.00		16,966.00		16,966.00
Twenty Savin Copiers	476,000.00	299,658.00		94,965.00	204,693.00
Type C 20 passenger Bus	69,985.00	35,833.00		17,544.00	18,289.00
Computers (Non-Capital Items)	576,900.00	197,426.00		197,426.00	
2 Buses	131,207.00	67,341.00		33,133.00	34,208.00
Vehicle	48,893.00	30,108.00		9,717.00	20,391.00
		<u>\$ 630,366.00</u>	<u>\$ 52,683.00</u>	<u>\$ 357,772.00</u>	<u>\$ 325,277.00</u>

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

I-3

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 3,666,637.00	\$	\$ 3,666,637.00	\$ 3,666,637.00	\$
State Sources:					
State Aid Type II	<u>128,713.00</u>		<u>128,713.00</u>	<u>128,713.00</u>	
Total Revenues	<u>3,795,350.00</u>		<u>3,795,350.00</u>	<u>3,795,350.00</u>	
<u>Expenditures</u>					
Regular Debt Service:					
Interest	2,265,350.00		2,265,350.00	2,265,348.80	1.20
Principal - Bonds	<u>1,530,000.00</u>		<u>1,530,000.00</u>	<u>1,530,000.00</u>	
	<u>3,795,350.00</u>		<u>3,795,350.00</u>	<u>3,795,348.80</u>	<u>1.20</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures				1.20	1.20
Other Financing Sources: Operating Transfers In General Fund				<u>200,542.00</u>	
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures				200,543.20	1.20
Fund Balance(Deficit), July 1	<u>(198,885.00)</u>		<u>(198,885.00)</u>	<u>(198,885.00)</u>	
Fund Balance, June 30	<u>\$ (198,885.00)</u>	<u>\$ -</u>	<u>\$ (198,885.00)</u>	<u>\$ 1,658.20</u>	<u>\$ 1.20</u>

**STATISTICAL SECTION (UNAUDITED)**

## **INTRODUCTION TO THE STATISTICAL SECTION**

## FINANCIAL TRENDS

SAYREVILLE BOROUGH SCHOOL DISTRICT  
NET ASSETS BY COMPONENT  
LAST NINE FISCAL YEARS  
(Accrual Basis of Accounting)  
*Unaudited*

J-1

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities:</b>									
Invested in Capital Assets, Net of Related Debt Restricted	\$ 17,092,737	\$ 17,733,701	\$ 18,959,054	\$ 22,216,387	\$ 25,986,252	\$ 30,825,895	\$ 35,817,226	\$ 37,361,790	\$ 37,248,999
Unrestricted	1,093,237	288,636	693,825	1,234,627	491,065	281,245	280,160	2,615,850	5,932,341
	(375,613)	3,101,218	2,346,650	(353,177)	38,143	(781,533)	(1,124,008)	43,139	(2,384,806)
<b>Total Governmental Activities Net Assets</b>	<b>\$ 17,810,361</b>	<b>\$ 21,123,555</b>	<b>\$ 21,999,529</b>	<b>\$ 23,097,837</b>	<b>\$ 26,515,460</b>	<b>\$ 30,325,607</b>	<b>\$ 34,973,378</b>	<b>\$ 40,020,779</b>	<b>\$ 40,796,533</b>
<b>Business-Type Activities:</b>									
Invested in Capital Assets, Net of Related Debt Unrestricted	\$ 43,997	\$ 287,179	\$ 286,345	\$ 266,585	\$ 246,825	\$ 227,065	\$ 156,791	\$ 74,416	\$ 4,623
	1,417	55,673	100,692	115,925	143,917	69,219	62,057	65,748	176,022
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 45,414</b>	<b>\$ 342,852</b>	<b>\$ 387,037</b>	<b>\$ 382,510</b>	<b>\$ 390,742</b>	<b>\$ 296,284</b>	<b>\$ 218,848</b>	<b>\$ 140,164</b>	<b>\$ 180,645</b>
<b>District Wide:</b>									
Invested in Capital Assets, Net of Related Debt Restricted	\$ 17,136,734	\$ 18,020,880	\$ 19,245,399	\$ 22,482,972	\$ 26,233,077	\$ 31,052,960	\$ 35,974,017	\$ 37,436,206	\$ 37,253,622
Unrestricted	1,093,237	288,636	693,825	1,234,627	491,065	281,245	280,160	2,615,850	5,932,341
	(374,196)	3,156,891	2,447,342	(237,252)	182,060	(712,314)	(1,061,951)	108,887	(2,208,784)
<b>Total District Net Assets</b>	<b>\$ 17,855,775</b>	<b>\$ 21,466,407</b>	<b>\$ 22,386,566</b>	<b>\$ 23,480,347</b>	<b>\$ 26,906,202</b>	<b>\$ 30,621,891</b>	<b>\$ 35,192,226</b>	<b>\$ 40,160,943</b>	<b>\$ 40,977,178</b>

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 CHANGES IN NET ASSETS  
 LAST NINE FISCAL YEARS  
 (Accrual Basis of Accounting)  
 Unaudited

Fiscal Year Ending June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
<b>Governmental Activities:</b>									
Instruction:									
Regular	\$ 23,582,636	\$ 25,574,212	\$ 27,198,293	\$ 26,993,074	\$ 28,956,537	\$ 29,663,093	\$ 29,190,181	\$ 29,593,116	\$ 28,338,766
Special Education	9,743,429	9,887,931	11,493,243	13,389,191	14,597,293	15,408,864	14,592,943	14,856,933	10,905,255
Other Instruction	2,055,668	1,510,348	1,745,170	2,579,464	2,674,262	2,594,479	2,736,316	3,057,678	1,254,081
School Sponsored Activities and Athletics		906,559	955,054	1,098,115	1,074,154	1,124,726	1,114,573	1,132,284	
Support Services:									
Student and Instruction Related Services	6,272,789	6,903,232	7,091,907	7,969,234	9,079,359	9,414,481	9,793,886	9,662,198	15,118,381
General Administration	3,068,315	2,044,843	2,318,193	1,792,276	1,873,089	1,712,369	1,730,301	1,794,351	2,232,181
School Administrative Services	2,363,382	2,582,399	3,219,387	3,282,722	3,557,503	3,791,245	3,793,162	3,896,746	3,424,921
Central Services/Business Services	587,803	574,332	598,881	633,110	646,135	664,057	744,815	753,203	749,539
Administrative Information Technology			158,094	158,094	170,518	536,648	506,527	506,291	599,334
Plant Operations and Maintenance	4,482,243	5,146,814	5,541,257	6,494,192	7,118,736	7,456,984	7,145,168	8,567,470	6,660,644
Pupil Transportation	4,381,430	4,328,056	4,802,551	5,052,566	4,839,927	5,226,471	5,321,605	5,124,690	5,831,437
Interest on Long-Term Debt	1,299,513	1,408,624	1,358,571	2,710,322	2,392,879	2,493,302	2,465,726	2,430,524	2,288,819
<b>Total Governmental Activities Expenses</b>	<b>57,817,208</b>	<b>60,867,350</b>	<b>66,322,517</b>	<b>72,152,360</b>	<b>76,980,392</b>	<b>80,086,719</b>	<b>79,135,003</b>	<b>81,375,584</b>	<b>77,403,360</b>
<b>Business-Type Activities:</b>									
Food Service	1,405,328	1,416,751	1,501,980	1,547,337	1,600,522	1,773,143	1,845,421	2,085,959	2,064,508
Adult School					97,015	131,746	139,320	135,189	131,124
<b>Total Business-Type Activities Expense</b>	<b>1,405,328</b>	<b>1,416,751</b>	<b>1,501,980</b>	<b>1,547,337</b>	<b>1,697,537</b>	<b>1,904,889</b>	<b>1,984,741</b>	<b>2,221,148</b>	<b>2,195,633</b>
<b>Total District Expenses</b>	<b>\$ 59,222,536</b>	<b>\$ 62,284,101</b>	<b>\$ 67,824,497</b>	<b>\$ 73,699,697</b>	<b>\$ 78,677,929</b>	<b>\$ 81,991,608</b>	<b>\$ 81,119,744</b>	<b>\$ 83,596,732</b>	<b>\$ 79,598,993</b>
<b>Program Revenues</b>									
Governmental Activities:									
Charges for Services:									
Instruction (Tuition)	\$ 74,092	\$ 74,026	\$ 68,269	\$ 88,565				\$ 520,031	
Operating Grants and Contributions	2,289,594	12,717,312	13,409,060	14,129,962	16,458,797	17,313,132	12,945,974	16,741,306	4,862,661
Capital Grants and Contributions	2,658,514	2,960,516	999,235	1,607,432	3,575,623	4,204,599	4,282,343	1,861,157	
Total Governmental Activities Program Revenues	5,022,200	15,751,854	14,476,564	15,825,959	20,034,420	21,517,731	17,228,317	19,122,494	4,862,661
Business-Type Activities:									
Charges for Services:									
Food Service	1,072,257	1,106,336	1,149,445	1,070,043	1,062,654	1,129,271	1,108,405	1,107,345	1,127,119
Adult School					116,388.00	126,707.00	170,557.00	131,018.00	141,746.6
Operating Grants and Contributions	319,051	364,544	396,720	472,767	510,993	554,453	628,343	904,101	965,646
Total Business-Type Activities Program Revenues	1,391,308	1,470,880	1,546,165	1,542,810	1,689,435	1,810,431	1,907,305	2,142,464	2,234,511
<b>Total District Program Revenues</b>	<b>\$ 6,413,508</b>	<b>\$ 17,222,734</b>	<b>\$ 16,022,729</b>	<b>\$ 17,368,769</b>	<b>\$ 21,723,855</b>	<b>\$ 23,328,162</b>	<b>\$ 19,135,622</b>	<b>\$ 21,264,958</b>	<b>\$ 7,097,173</b>

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 CHANGES IN NET ASSETS  
 LAST NINE FISCAL YEARS  
*Unaudited*  
 (accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ (52,795,008)	\$ (45,115,496)	\$ (51,845,953)	\$ (56,326,401)	\$ (56,945,972)	\$ (56,569,988)	\$ (61,906,686)	\$ (62,255,090)	\$ (77,403,360)
Business-Type Activities	(14,020)	54,129	44,185	(4,527)	(8,102)	(94,458)	(77,436)	(78,684)	38,878
<b>Total District-Wide Net Expense</b>	<b>\$ (52,809,028)</b>	<b>\$ (45,061,367)</b>	<b>\$ (51,801,768)</b>	<b>\$ (56,330,928)</b>	<b>\$ (56,954,074)</b>	<b>\$ (56,663,446)</b>	<b>\$ (61,984,122)</b>	<b>\$ (62,331,774)</b>	<b>\$ (77,364,482)</b>
<b>General Revenues and Other Charges in Net Assets</b>									
Governmental Activities:									
Property Taxes Levied for General Purposes, Net	\$ 37,206,708	\$ 40,156,545	\$ 41,866,730	\$ 44,765,506	\$ 47,713,318	\$ 49,247,481	\$ 49,349,540	\$ 50,912,157	\$ 51,417,909
Property taxes Levied for Debt Service	910,787	1,489,855	1,610,467	1,731,488	1,729,236	2,390,237	2,638,639	3,571,789	3,666,637
State Aid - Unrestricted	16,981,575	8,430,562	8,835,306	8,977,407	8,925,869	9,648,053	13,489,396	12,392,195	22,412,894
State Aid - Restricted for Debt Service Principal		64,562	66,752	62,065	58,886	51,468	70,825	55,847	
Investment and Interest Earnings	1,399,992	347,803	153,290	1,457,026	1,742,894	874,225	190,809	92,194	
Miscellaneous Income	78,226	180,805	189,382	415,221	209,726	167,671	315,248	220,162	681,674
Transfers					(16,334)				
<b>Total Governmental Activities</b>	<b>56,577,288</b>	<b>50,650,132</b>	<b>52,721,927</b>	<b>57,408,713</b>	<b>60,363,595</b>	<b>62,379,135</b>	<b>66,054,457</b>	<b>67,244,344</b>	<b>78,179,114</b>
Business-Type Activities:									
Investment Earnings					16,334				
Transfers									
<b>Total Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 56,577,288</b>	<b>\$ 50,650,132</b>	<b>\$ 52,721,927</b>	<b>\$ 57,408,713</b>	<b>\$ 60,379,929</b>	<b>\$ 62,379,135</b>	<b>\$ 66,054,457</b>	<b>\$ 67,244,344</b>	<b>\$ 78,179,114</b>
<b>Changes in Net Assets</b>									
Governmental Activities	\$ 3,782,280	\$ 5,534,636	\$ 875,974	\$ 1,098,308	\$ 3,417,623	\$ 3,810,147	\$ 4,647,771	\$ 4,991,254	\$ 775,754
Business-Type Activities	(14,020)	54,129	44,185	(4,527)	8,232	(94,458)	(77,436)	(78,684)	40,481
<b>Total District</b>	<b>\$ 3,768,260</b>	<b>\$ 5,588,765</b>	<b>\$ 920,159</b>	<b>\$ 1,093,781</b>	<b>\$ 3,425,855</b>	<b>\$ 3,715,689</b>	<b>\$ 4,570,335</b>	<b>\$ 4,912,570</b>	<b>\$ 816,236</b>

Note:  
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information is available. Each year thereafter, an additional year's date will be included until ten years of data is present.

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST NINE FISCAL YEARS  
 (Modified Accrual Basis of Accounting)  
 Unaudited

J-3

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:									
Reserved	\$ 294,032	\$ 1,647,168	\$ 2,280,569	\$ 1,250,862	\$ 931,278	\$ 573,876	\$ 1,294,300	\$ 2,715,600	\$ 5,777,304
Unreserved	2,121,862	3,519,652	2,065,888	1,730,381	1,619,550	1,282,404	705,949	1,319,132	(526,692)
	<u>\$ 2,415,894</u>	<u>\$ 5,166,820</u>	<u>\$ 4,346,457</u>	<u>\$ 2,981,243</u>	<u>\$ 2,550,828</u>	<u>\$ 1,856,280</u>	<u>\$ 2,000,249</u>	<u>\$ 4,034,732</u>	<u>\$ 5,250,612</u>
All Other Governmental Funds:									
Reserved	\$ 17,374,982	\$ 3,939,553	\$ 4,694,905	\$ 3,189,409	\$ 33,279,391	\$ 19,233,632	\$ 4,543,309	\$ 2,312,417	\$ 5,778,961
Unreserved:	1,657,648	2,480,157	(854,141)	32,736,892	(6,107,398)	(2,896,371)	263,591	(178,616)	(373,312)
Total All Other Governmental Funds	<u>\$ 19,032,630</u>	<u>\$ 6,419,710</u>	<u>\$ 3,840,764</u>	<u>\$ 35,926,301</u>	<u>\$ 27,171,993</u>	<u>\$ 16,337,261</u>	<u>\$ 4,806,900</u>	<u>\$ 2,133,801</u>	<u>\$ 5,405,649</u>

Note:

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SAYREVILLE BOROUGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS  
(Accrual Basis of Accounting)  
Unaudited

J-4  
Sheet #1

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>									
Tax Levy	\$ 38,117,495	\$ 41,626,400	\$ 43,477,197	\$ 46,494,994	\$ 49,442,554	\$ 51,637,718	\$ 52,488,179	\$ 54,483,946	\$ 55,084,546
Tuition/Program Fees	74,092.00	74,026.00	88,269.00	88,565.00				520,031	271,366.94
Investment and Interest Earnings	1,399,991.00	347,803.00	153,290.00	1,475,026.00	1,742,895.00	874,225.00	190,809.00	92,194	76,392.94
Miscellaneous	78,227.00	182,205.00	191,382.00	417,221.00	215,840.00	175,198.00	334,113.00	258,543	333,914.59
State Sources	20,314,180	22,345,571	21,273,995	22,601,506	26,921,814	29,091,163	28,659,725	25,691,006	24,507,618.25
Federal Sources	1,615,503	1,825,981	2,034,358	2,173,356	2,091,246	2,118,562	2,109,948	5,321,118	2,767,937
<b>Total Revenues</b>	<b>61,599,488</b>	<b>66,401,986</b>	<b>67,198,491</b>	<b>73,250,668</b>	<b>80,414,349</b>	<b>83,896,866</b>	<b>83,782,774</b>	<b>86,366,838</b>	<b>83,041,775</b>
<b>Expenditures:</b>									
<b>Instruction:</b>									
Regular Instruction	23,327,011	24,608,214	26,302,059	26,781,564	28,678,833	29,563,719	29,173,094	29,501,254	24,054,115
Special Education Instruction	9,738,439	9,875,524	11,497,517	13,340,015	14,530,195	15,401,293	14,603,963	14,798,153	7,229,493
Other Instruction	1,973,876	1,507,598	1,746,286	2,569,200	2,657,323	2,592,462	2,739,407	3,053,591	2,473,529
School Sponsored Activities and Athletics		904,947	955,545	1,089,829	1,063,273	1,124,027	1,115,544	1,131,060	
<b>Support Services:</b>									
Student and Instruction Related Services	6,443,066	6,890,250	7,096,155	7,978,577	9,074,325	9,407,873	9,787,041	9,651,032	11,309,739
General Administration	2,784,621	1,951,049	2,146,713	1,750,533	1,820,780	1,681,141	1,700,897	1,770,957	1,673,084
School Administrative Services	2,261,290	2,577,093	3,221,400	3,208,781	3,470,146	3,695,306	3,659,784	3,762,675	2,809,131
Central Services/Business Services		633,777	599,276	628,207	639,794	663,523	745,610	752,226	561,801
Administrative Information Technology				158,094	170,518	536,321	506,940	505,806	449,218
Plant Operations and Maintenance	4,629,892	4,784,071	4,928,672	5,154,171	5,708,902	6,084,847	5,984,119	6,178,568	4,992,344
Pupil Transportation	4,533,235	4,351,523	4,673,775	4,961,513	4,746,160	5,084,675	5,225,299	5,017,869	4,370,829
Employee Benefits									17,373,809
Special Schools									14,802
Charter School	7,721,659	16,540,006	4,819,035	4,975,938	11,978,176	16,191,825	16,390,481	6,529,897	7,119
Capital Outlay									2,690,300
<b>Debt Service:</b>									
Principal	1,275,000	680,000	1,489,167	1,568,213	1,820,613	1,474,876	1,849,193	4,194,491	1,530,000
Interest and Other Charges	1,276,498	1,274,679	1,384,756	1,428,121	3,223,700	2,470,243	2,444,794	2,414,022	2,265,349
Payments to Refunding Escrow Agent					931,825				
Cost of Issuance of Refunding Bonds					262,258				
<b>Total Expenditures</b>	<b>65,964,587</b>	<b>76,578,731</b>	<b>70,860,356</b>	<b>75,591,756</b>	<b>90,776,821</b>	<b>95,972,131</b>	<b>95,926,166</b>	<b>89,261,601</b>	<b>83,804,660</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (4,365,099)	\$ (10,176,745)	\$ (3,661,865)	\$ (2,341,088)	\$ (10,362,472)	\$ (12,075,265)	\$ (12,143,392)	\$ (2,894,763)	\$ (762,884)

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST NINE FISCAL YEARS  
 (Accrual Basis of Accounting)  
 Unaudited

J-4  
 Sheet #2

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other Financing Sources (Uses):</b>									
Proceeds from Bonds/Notes	\$ 376,008	\$ 314,751	\$ 261,556	\$ 33,022,000	\$	\$ 545,985	\$ 757,000	\$ 2,200,000	\$
Lease Proceeds (Non-Budgeted)				40,411					
Proceeds from Refunding Bonds					20,000,000				
Payments to Escrow Agent					(19,070,000)				
Premium on Refunding Bonds	1,341,305	301,193	561,626	1,565,548	2,066,464	1,340,310	594,457	3,967,070	200,542
Transfers In	(1,341,305)	(301,193)	(561,626)	(1,565,548)	(2,066,464)	(1,340,310)	(594,457)	(3,967,070)	(200,542)
Transfers Out									
<b>Total Other Financing Sources (Uses)</b>	<b>376,008</b>	<b>314,751</b>	<b>261,556</b>	<b>33,062,411</b>	<b>1,177,749</b>	<b>545,985</b>	<b>757,000</b>	<b>2,200,000</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (3,989,091)</b>	<b>\$ (9,861,994)</b>	<b>\$ (3,400,309)</b>	<b>\$ 30,721,323</b>	<b>\$ (9,184,723)</b>	<b>\$ (11,529,280)</b>	<b>\$ (11,386,392)</b>	<b>\$ (694,763)</b>	<b>\$ (762,884)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>4.38%</b>	<b>3.26%</b>	<b>4.35%</b>	<b>4.24%</b>	<b>7.92%</b>	<b>4.94%</b>	<b>5.40%</b>	<b>7.99%</b>	<b>4.66%</b>

\*Noncapital expenditures are total expenditures less capital outlay.

Note:

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SAYREVILLE BOROUGH SCHOOL DISTRICT  
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
 LAST TEN FISCAL YEARS  
*Unaudited*

J-5

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund:										
Interest on Investments	\$ 105,610	\$ 62,037	\$ 46,610	\$ 79,404	\$ 179,526	\$ 141,431	\$ 166,376	\$ 91,352	\$ 92,048	\$ 76,392.94
Tuition - Adult School	73,196	74,092	67,051	68,269	88,565				15,669	13,488.91
Tuition		32,752	6,975	19,235	6,300				155,367	148,527.24
E-Rate			50,610	13,565	69,546	87,910	92,243	90,148		
Sale of Property/Equipment								173		
Jointures	17,675				13,500	23,897	7,113	2,825	7,615	
Miscellaneous	39,783	26,962	4,191	117	39,142	21,900	31,129	15,344	37,653	38,324.31
Prior Year Refunds		3,241	21,999	4,955	18,127		10,790			
Building Use			5,520	4,520	8,958		13,500	43,540	19,527	
Lease	27,266							7,558		
Homeless Reimbursement										89,121.00
Old Outstanding Checks										
Voided			12,521			36,842		7,499		9,942.72
Soda Commissions		7,203	7,480	19,540	8,439			354		
Telephone Commissions	12,712	92								
Insurance Reimbursements		4,626	11,866			22,057	3,907			
Energy Audit				90,094	21,519	13,402				
Telephone Audit				4,845	67,325					
Student Activities Reimbursement								112,882		
Prior Year's Tuition Refund	43,338		66,618	32,511	162,365	3,718	8,989	34,925	504,362	271,366.94
<b>Total Miscellaneous</b>	<b>\$ 319,580</b>	<b>\$ 211,005</b>	<b>\$ 301,441</b>	<b>\$ 337,055</b>	<b>\$ 683,312</b>	<b>\$ 351,157</b>	<b>\$ 334,047</b>	<b>\$ 406,600</b>	<b>\$ 832,241</b>	<b>\$ 647,164.06</b>

Source: District Records

**REVENUE CAPACITY**

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 ASSESSED VALUE AND ESTIMATED 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	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate(a)
2002	\$ 67,618,100	\$ 1,556,345,500	\$ 143,900	\$ 8,700	\$ 177,874,200	\$ 177,613,500	\$ 140,629,600	\$ 2,120,233,500	\$ 6,515,441	\$ 2,126,748,941	\$ 2,642,950,728	\$ 1,790
2003	77,045,400	1,570,310,000	143,900	8,700	178,186,900	178,006,400	142,543,900	2,146,245,200	6,145,460	2,140,089,740	2,923,492,541	1,390
2004	80,802,900	1,610,298,200	143,900	8,700	177,924,300	180,356,400	143,872,800	2,193,407,200	5,302,488	2,198,709,688	3,361,390,740	1,980
2005	71,059,600	1,661,331,100	143,900	8,700	182,346,800	174,670,800	150,136,800	2,239,697,700	4,684,765	2,244,382,465	3,899,286,016	2,070
2006	66,272,100	1,688,649,600	143,900	8,700	184,036,100	152,535,700	155,519,200	2,247,165,500	3,979,839	2,251,145,339	4,354,917,557	2,200
2007	64,708,000	1,703,734,200	143,900	8,700	186,098,600	151,582,300	157,734,300	2,264,010,000	3,577,707	2,267,587,707	5,017,009,601	2,280
2008	60,388,200	1,712,742,000	143,900	8,700	181,383,700	162,969,600	157,837,200	2,275,473,300	3,152,506	2,278,625,806	5,483,324,065	2,330
2009	53,891,400	1,718,223,000	143,900	9,400	180,687,300	166,300,400	156,552,800	2,275,808,200	3,285,854	2,279,094,054	5,566,140,747	2,390
2010	52,993,700	1,723,657,500	143,900	9,400	178,476,300	174,779,900	153,500,300	2,283,561,000	3,440,286	2,287,001,286	5,398,243,762	2,409
2011	44,744,400	1,724,175,300	143,900	9,400	177,245,200	171,198,700	157,551,800	2,275,068,700	3,135,948	2,278,204,648	5,250,732,026	2,455

Source: County Abstract of Ratables

(a) Tax rates are per \$100.

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
*Unaudited***

J-7

(Rate per \$100 of Assessed Value)

<u>Calendar Year</u>	<u>Total Direct School Tax Rate Sayreville Local School District</u>	<u>Overlapping Rates</u>		
		<u>Municipality of Sayreville</u>	<u>County of Middlesex</u>	<u>Total</u>
2002	\$ 1.790	\$ 0.720	\$ 0.510	\$ 3.020
2003	1.930	0.720	0.530	3.180
2004	1.980	0.760	0.550	3.290
2005	2.070	0.770	0.540	3.380
2006	2.200	0.730	0.570	3.600
2007	2.280	0.900	0.630	3.810
2008	2.304	0.990	0.690	3.984
2009	2.390	1.085	0.721	4.196
2010	2.409	1.140	0.700	4.249
2011	2.455	1.169	0.776	4.400

Source: Tax Duplicate, Borough of Sayreville

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
*Unaudited*

J-8

<u>Taxpayer</u>	<u>2011</u>		<u>2002</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Hillside Estates, Inc.	\$ 71,130,500	3.12%	\$ 66,202,500	3.11%
E.I. DuPont DeNemours & Co.	38,759,200	1.70%	38,954,900	1.83%
Kaplan (Related Ownerships)	30,097,500	1.32%	14,115,200	0.66%
Skytop Gardens, Inc.	30,424,300	1.34%	30,424,300	1.43%
Hercules, Inc.	22,127,400	0.97%	35,051,100	1.65%
Gerdau USA Inc./NJ Steel & Structural Corp.	16,600,000	0.73%	19,600,000	0.92%
Lakeview Developers Limited	13,950,000	0.61%	15,950,000	0.75%
Prologis	13,183,900	0.58%		
Brooklawn Gardens, inc.	14,384,100	0.63%	17,145,100	0.81%
GJM Bordentown LLC	12,000,000	0.53%	12,000,000	0.56%
Reliant Energy NJ Holdings LLC			12,747,200	0.60%
	<u>\$262,656,900</u>	<u>11.53%</u>	<u>\$ 262,190,300</u>	<u>12.32%</u>
 Total Assessed Value		 <u>\$ 2,278,206,648</u>		 <u>\$ 2,126,748,941</u>

Source: Municipal Tax Assessor

Note: GASB requires that principal property taxpayers for the current year and nine years ago data be presented.

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN CALENDAR YEARS**  
*Unaudited*

J-9

Fiscal Year Ended <u>January 31,</u>	Taxes Levied <u>Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		Collections in Subsequent <u>Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2002	\$ 35,110,346	\$ 35,110,346	100.00%	\$
2003	38,117,495	38,117,495	100.00%	
2004	41,626,400	41,626,400	100.00%	
2005	43,477,197	43,477,197	100.00%	
2006	46,494,994	46,494,994	100.00%	
2007	49,442,554	49,442,554	100.00%	
2008	51,637,718	51,637,718	100.00%	
2009	52,488,179	52,488,179	100.00%	
2010	54,483,946	54,483,946	100.00%	
2011	55,084,546	55,084,546	100.00%	

Source: District records

## DEBT CAPACITY

SAYREVILLE BOROUGH SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST SEVEN FISCAL YEARS  
*Unaudited*

J-10

Fiscal Year Ended June 30,	Governmental Activities					Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Lease Purchase Agreements	Project Notes				
2005	\$ 24,985,000	\$ 2,494,356	\$	\$	\$ 27,479,356	42,378	\$ 648	
2006	57,267,000	1,706,554			58,973,554	41,951	1,406	
2007	57,222,000	860,941			58,082,941	41,872	1,387	
2008	56,107,000	1,047,050			57,154,050	42,009	1,361	
2009	54,847,000	826,212	388,645	2,200,000	58,261,857	42,236	1,379	
2010	54,437,000	432,940	197,426		55,067,366	42,236 (E)	1,304	
2011	51,907,000	325,277			52,232,277	42,236 (E)	1,237	

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

(E) Estimated

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST SEVEN FISCAL YEARS  
*Unaudited***

J-11

<u>Fiscal Year Ended June 30.</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2005	\$ 24,985,000	\$	\$ 24,985,000	1.11%	\$ 590
2006	57,267,000		57,267,000	2.54%	1,365
2007	57,222,000		57,222,000	2.52%	1,367
2008	56,107,000		56,107,000	2.46%	1,336
2009	54,847,000		54,847,000	2.41%	1,299
2010	53,437,000		53,437,000	2.34%	1,265
2011	51,907,000		51,907,000	2.28%	1,229

Source: District records

Notes:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2005 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**SAYREVILLE BOROUGH SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
*Unaudited*

J-12

	<u>Estimated Share of Overlapping Debt</u>
Municipal Debt:	
Sayreville Board of Education (as of June 30, 2011)	\$ 51,907,000
Borough of Sayreville	<u>28,050,847</u>
Total Direct Municipal Debt	<u>79,957,847</u>
Overlapping Debt Apportioned to the Municipality:	
County of Middlesex (A)	<u>31,054,578</u>
Total Overlapping Debt	<u>31,054,578</u>
Total Direct and Overlapping Debt	<u><u>\$ 111,012,425</u></u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2010 equalized value by the total 2010 equalized value for Middlesex County.

Sources:

Borough of Sayreville 2010 Annual Debt Statement  
 County of Middlesex 2010 Annual Debt Statement

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
*Unaudited*

J-13

Year	Equalized Valuation Basis
2010	\$ 5,187,553,385
2009	5,293,808,328
2008	5,465,945,952
	<u>\$ 15,947,307,665</u>

\$ 5,315,769,222

Average Equalized Valuation of Taxable Property

Debt Limit 4% of Average Equalization Value \$ 212,630,769 a

Total Net Debt Applicable to Limit

\$ 212,630,769

Legal Debt Margin

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 93,406,430	\$ 102,060,089	\$ 114,631,693	\$ 129,936,098	\$ 149,137,756	\$ 171,478,137	\$ 193,794,195	\$ 209,813,923	\$ 215,063,960	\$ 212,630,769
Total Net Debt Applicable to Limit	<u>26,740,000</u>	<u>26,370,000</u>	<u>25,680,000</u>	<u>24,985,000</u>	<u>57,267,000</u>	<u>57,222,000</u>	<u>56,107,000</u>	<u>57,047,000</u>	<u>53,437,000</u>	<u>51,907,000</u>
Legal Debt Margin	<u>\$ 66,666,430</u>	<u>\$ 75,690,089</u>	<u>\$ 88,941,693</u>	<u>\$ 104,951,098</u>	<u>\$ 91,870,756</u>	<u>\$ 114,256,137</u>	<u>\$ 137,687,195</u>	<u>\$ 152,766,923</u>	<u>\$ 161,626,960</u>	<u>\$ 160,723,769</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.63%	25.84%	22.41%	19.23%	38.40%	33.37%	28.95%	27.19%	24.85%	24.41%

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

a. Limit set by N.J.S.A. 18A:24-19 for a K through 12 district, other % limits would be applicable for other district types.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
*Unaudited***

J-14

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	41,242	\$ 38,572 R	4.40%
2003	41,486	39,039 R	4.30%
2004	42,063	40,048 R	3.60%
2005	42,378	41,308 R	3.90%
2006	41,951	44,823 R	4.10%
2007	41,873	47,540 R	3.70%
2008	42,009	49,076 R	4.9%
2009	42,236	47,392	8.9%
2010	42,236 (E)	N/A	9.0%
2011	42,236 (E)	N/A	N/A

Source: New Jersey State Department of Education

N/A - Not Available

(E) Estimated

R - Revised

**SAYREVILLE BOROUGH SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND TEN YEARS AGO**  
*Unaudited*

J-15

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
Sayreville Board of Education	971			
Borough of Sayreville	419			
E.I Dupont de Nemours	347			
Sabert Innovations	321			
Gerdau	218		Information Not Available	
Shop Rite	202			
Briarwood Care & Rchabilitation Center	200			
Middlesex County Utilities Authority	198			
Allcare Medical	138			
Ashland/Aqualon Functional Ingredients	77			
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		N/A		N/A

## OPERATING INFORMATION

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST SEVEN FISCAL YEARS  
*Unaudited*

J-16

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction	488	463	506	512	512	512	516
Support Services:							
Student and Instructional Related Services	82	79	81	92	82	84	90
General Administration	13	11	10	10	10	10	10
School Administrative Service	35	28	28	28	28	28	28
Central Services	8	7	7	7	7	7	7
Administrative Information Technology	4	4	4	6	6	6	6
Plant Operations and Maintenance	67	53	73	73	73	73	74
Pupil Transportation	33	32	5	5	5	5	5
Food Service	65	65	65	52	52	52	52
<b>Total</b>	<u>795</u>	<u>738</u>	<u>779</u>	<u>785</u>	<u>775</u>	<u>777</u>	<u>788</u>

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
*Unaudited*

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Per Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2002	5,550.0	\$ 52,321,271	\$ 9,427	5.79%	416:0	1:16	1:15	1:15	5,450.0	5,258	1.91%	94.67%
2003	5,592.0	55,691,430	9,959	5.72%	447:0	1:16	1:15	1:15	5,592.0	5,288	0.68%	94.55%
2004	5,693.4	58,084,046	10,202	2.44%	463:0	1:16	1:15	1:15	5,693.4	5,384	1.81%	94.57%
2005	5,772.5	63,167,398	10,943	7.26%	463:0	1:16	1:15	1:15	5,772.5	5,427	1.39%	94.01%
2006	5,728.0	67,619,484	11,805	7.88%	455:0	1:13	1:12	1:15	5,764.1	5,453	*0.15%	94.60%
2007	5,681.0	72,560,249	12,772	8.19%	433:0	1:14	1:11	1:14	5,704.0	5,419	-1.04%	95.00%
2008	5,738.0	75,835,187	13,216	3.48%	454:0	1:13	1:13	1:14	5,768.0	5,485	1.12%	95.09%
2009	5,803.0	75,241,698	12,966	-1.89%	475:0	1:12	1:11	1:13	5,819.9	5,536	0.90%	95.13%
2010	6,014.0	76,123,191	12,658	-2.38%	475:0	1:13	1:11	1:13	5,916.3	5,623	1.66%	95.04%
2011	5,949.0	77,319,011	12,997	1.57%	458:0	1:14	1:12	1:14	5,910.3	5,575	-0.01%	94.30%

Source: District Records

Note: Operating expenditures reported prior to the implementation of GASB 34 in fiscal year 2004 may include capital lease principal and interest which are reported as debt service expenditure in fiscal year 2004 reporting model.

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST SIX FISCAL YEARS  
(Unaudited)**

**J-18  
Sheet #1**

<u>DISTRICT BUILDING</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Elementary</u>						
Selover:						
Square Feet	36,153	36,153	36,153	36,153	36,153	36,153
Capacity (Students)	65	65	65	65	65	65
Enrollment	89	96	14	15	0	0
Arleth:						
Square Feet	73,426	73,426	73,426	73,426	73,426	73,426
Capacity (Students)	593	593	593	593	593	593
Enrollment	499	507	499	490	540	468
Eisenhower:						
Square Feet	59,738	59,738	59,738	59,738	59,738	59,738
Capacity (Students)	481	481	481	481	481	481
Enrollment	422	455	465	488	510	530
Truman:						
Square Feet	53,275	53,275	53,275	53,275	53,275	53,275
Capacity (Students)	474	474	474	474	474	474
Enrollment	454	458	456	490	529	547
Wilson:						
Square Feet	54,150	54,150	54,150	54,150	54,150	54,150
Capacity (Students)	373	373	373	373	373	373
Enrollment	325	350	353	357	404	361
Upper Elementary School:						
Square Feet	174,800	174,800	174,800	174,800	174,800	174,800
Capacity (Students)	1,095	1,095	1,095	1,095	1,095	1,095
Enrollment	891	864	951	950	968	1,003
Sayreville Middle School:						
Square Feet	170,847	170,847	170,847	170,847	170,847	170,847
Capacity (Students)	1,608	1,608	1,608	1,608	1,608	1,608
Enrollment	1,298	1,346	1,372	1,357	1,376	1,333
War Memorial High School:						
Square Feet	184,531	184,531	184,531	184,531	221,538	292,289
Capacity (Students)	1,859	1,859	1,859	1,859	2,200	2,200
Enrollment	1,656	1,605	1,628	1,656	1,687	1,707

**SAYREVILLE BOROUGH SCHOOL DISTRICTA**  
**SCHOOL BUILDING INFORMATION**  
**LAST SIX FISCAL YEARS**  
*(Unaudited)*

**J-18**  
**Sheet #2**

<b><u>DISTRICT BUILDING</u></b>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
---------------------------------	-------------	-------------	-------------	-------------	-------------	-------------

Number of Schools at  
June 30, 2011  
Elementary = 6  
Middle School = 1  
Senior High School = 1

Source: District Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only five years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

SAYREVILLE BOROUGH SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES  
 LAST TEN FISCAL YEARS  
*Unaudited*

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

School Facilities	Project #	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Selover		\$ 66,122	\$ 72,548	\$ 64,875	\$ 85,351	\$ 78,339	\$ 81,647	\$ 84,572	\$ 79,857	\$ 84,501	\$ 126,750
Arleth		77,142	130,586	145,970	136,561	135,162	130,635	236,802	191,656	171,661	51,811
Eisenhower		88,162	101,567	118,530	102,421	102,657	97,977	152,230	159,713	139,604	200,900
Truman		103,370	116,077	115,423	93,886	91,454	89,812	301,607	111,799	124,535	101,906
Wilson		114,500	130,586	121,643	97,300	89,307	93,078	135,315	127,770	126,603	100,581
Upper Elementary School		249,610	304,701	306,816	309,264	282,023	293,930	22,852	431,225	399,311	352,717
Middle School		247,126	333,720	355,599	428,758	452,277	408,436	345,202	495,111	431,071	320,517
High School		112,738	261,174	393,035	459,482	509,317	437,629	412,861			
		\$ 1,058,770	\$ 1,450,959	\$ 1,621,891	\$ 1,713,023	\$ 1,740,536	\$ 1,633,144	\$ 1,691,441	\$ 1,597,131	\$ 1,477,286	\$ 1,255,182

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2011  
Unaudited**

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Property:		
Property - Blanket Building and Contents	\$ 250,000,000	\$ 1,000
Boiler and Machinery	1,000,000,000	1,000
Comprehensive General Liabilities and Automobile Liability Including Employees' Benefit Liability	5,000,000	
Environmental Impairment Liability	1,000,000	10,000
Foreign Travel Liability Coverage	1,000,000	
Student Accident Insurance	1,000,000	
School Leaders Professional Liability	5,000,000	5,000
Security Guard Liability	1,000,000	5,000
Blanket Dishonesty Bond Including Faithful Performance of Elected Officials	\$500,000 per loss	1,000
Workers' Compensation:		
Workers' Compensation	Statutory	
Employer's Liability	5,000,000	
Public Officials' Bond:		
Treasurer	375,000	
Business Administrator	375,000	

Source: District Records

**SINGLE AUDIT SECTION**

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-4543  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 301  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

**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**

The Honorable President and Members of the Board of Education  
Sayreville Borough Board of Education  
County of Middlesex  
Sayreville, New Jersey 08872

We have audited the financial statements of the Board of Education of the Sayreville Borough School District, in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2011 and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We 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 Sayreville Borough Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

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



JOSEPH J. FACCONI  
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey  
November 14, 2011

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-4543  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 301  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

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

The Honorable President and Members of the Board of Education  
Sayreville Borough Board of Education  
County of Middlesex  
Sayreville, New Jersey 08872

**Compliance**

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

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

In our opinion, the Board of Education of the Sayreville Borough School District, in the County of Middlesex, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

## Internal Control Over Compliance

The management of the Board of Education of the Sayreville 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 federal and state programs. In planning and performing our audit, we considered Sayreville Borough Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sayreville Borough Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 and use of the audit committee, management, the Sayreville Borough Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
JOSEPH J. FACCONI  
Licensed Public School Accountant #194

  
SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey  
November 14, 2011

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

Federal Grant/ Pass-Through Grant/ Program Title	Federal CFDA Number	Grant Period	Award Amount	June 30, 2010		Caryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balance	June 30, 2011	
				(Accounts Receivable)	Deferred Revenue						(Accounts Receivable)	Deferred Revenue
Due to Grantor	Due to Grantor											
U.S. Department of Health and Human Services:												
General Fund:												
Medical Assistance Program	93.778	9/1/10 - 8/31/11	\$ 111,406.35	\$ -	\$ -	\$ -	\$ 111,406.35	\$ (111,406.35)	\$ -	\$ -	\$ -	\$ -
Total General Fund												
Passed-Through State Department of Education:												
Special Revenue Fund:												
Carl D. Perkins Grant	84.243A	9/1/10 - 8/31/11	29,786.00				15,158.64	(20,615.64)			(5,457.00)	
Carl D. Perkins Grant Carryover	84.243A	9/1/09 - 8/31/10	30,544.00			5,666.28	30,544.28	(5,666.28)				
Carl D. Perkins Grant	84.010A	9/1/10 - 8/31/11	633,741.00	(24,958.00)			289,046.00	(520,837.00)			(221,791.00)	
Title I	84.010A	9/1/10 - 8/31/11	289,616.00			11,429.64	83,609.64	(11,429.64)				
Title I Carryover	84.010A	9/1/09 - 8/31/10	619,593.00	(72,180.00)			619,593.00	(137,439.91)			(44,889.00)	
Title I	84.010A	9/1/10 - 8/31/11	157,837.00	(618,682.00)			92,550.81	(20,223.47)				
Title I A	84.367A	9/1/10 - 8/31/11	150,113.00	(47,389.00)		20,223.47	67,592.47	(87.00)				
Title I A Carryover	84.367A	9/1/09 - 8/31/10	154,963.00	(155,459.00)			155,459.00	(1,959.96)			(9.96)	
Title I A	84.367A	9/1/10 - 8/31/11	2,923.00	(926.00)		1,989.96	926.00					
Title I D	84.367A	9/1/09 - 8/31/10	4,315.00	(27.00)		(1,959.96)	27.00					
Title I D Carryover	84.367A	9/1/08 - 8/31/09	21,415.00				12,127.00				(8,491.00)	
Title I D	84.367A	9/1/09 - 8/31/10	18,816.00	(3,071.00)		950.00	4,021.00	(20,618.00)				
Title I D	84.367A	9/1/10 - 8/31/11	17,843.00	(999.00)		(950.00)	8,495.00	(950.00)				
Title III	84.365A	9/1/09 - 8/31/10	1,383,368.00	(6,495.00)			1,163,670.00	(1,383,368.00)			(219,718.00)	
Title III	84.365A	9/1/10 - 8/31/11	1,343,419.00	(164,055.00)		9,780.39	173,635.39	(9,780.39)				
Title IV	84.027	9/1/10 - 8/31/11	60,469.00				57,481.25	(58,660.25)			(1,168.00)	
IDEA Basic Carryover	84.027	9/1/09 - 8/31/10	57,987.00			3,762.00	3,762.00					
IDEA Basic	84.027	9/1/10 - 8/31/11	1,492,782.00	(405,887.00)		26,304.00	691,191.00	(488,065.82)			(172,764.82)	
IDEA Part B - Preschool Carryover	84.391	9/1/09 - 8/31/10	51,708.00			188.00	188.00				(2,908.00)	
ARRA - Basic	84.392	9/1/10 - 8/31/11	51,708.00			(188.00)					(677,197.78)	
ARRA - Preschool Carryover	84.392	9/1/09 - 8/31/10	51,708.00				188.00					
ARRA - Preschool	84.392	9/1/10 - 8/31/11	51,708.00									
Total Special Revenue Fund												
Enterprises Fund:												
National School Lunch Program:												
Cash Assistance	10.555	9/1/09 - 6/30/10	659,257.00				62,860.00					
Cash Assistance	10.555	9/1/10 - 6/30/11	737,454.38				671,424.71	(737,454.38)			(69,029.67)	
Non-Cash Assistance (Food Distribution)	10.553	9/1/09 - 6/30/10	112,265.00				964.00					
Non-Cash Assistance (Food Distribution)	10.553	9/1/10 - 6/30/11	101,272.05				101,272.05	(100,308.55)				
School Breakfast Program	10.553	9/1/09 - 6/30/10	92,447.00				11,966.00					
School Breakfast Program	10.553	9/1/10 - 6/30/11	104,001.88				92,798.27	(104,001.98)			(11,205.71)	
Total Enterprise Fund												
Total Federal Awards												
			\$ 4,428,576.00	\$ (1,400,478.00)	\$ -	\$ -	\$ 3,377,820.82	\$ (2,656,530.38)	\$ -	\$ -	\$ (677,197.78)	\$ 963.50
			\$ 4,428,576.00	\$ (1,400,478.00)	\$ -	\$ -	\$ 3,377,820.82	\$ (2,656,530.38)	\$ -	\$ -	\$ (677,197.78)	\$ 963.50

See accompanying Notes to the Schedules of Awards and Financial Assistance.

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

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2010		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balance	Adjustments	June 30, 2011		Memo
				(Accounts Receivable)	Deferred Revenue						(Accounts Receivable)	Deferred Revenue	
State Department of Education: General Fund:													
General Education Aid	10-495-034-5120-078	7/1/09 - 6/30/10	\$ 12,364,129.00	\$ (1,395,688.00)	\$	\$	\$ 14,278,984.00	\$ (14,278,984.00)	\$	\$ 1,395,688.00	\$	\$	
Expenditure Aid	11-485-034-5120-078	7/1/10 - 6/30/11	14,278,984.00							249,149.00			
Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	3,337,411.00	(249,149.00)						378,641.00			
Special Education Aid	11-495-034-5120-011	7/1/09 - 6/30/10	3,385,913.00	(85,427.00)						85,427.00			
Special Education Aid	11-495-034-5120-011	7/1/10 - 6/30/11	755,636.00							670,726.00			
Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	631,274.00										
Security Aid	11-495-034-5120-011	7/1/10 - 6/30/11	25,903.00	(25,903.00)									
Extracurricular Aid	10-495-034-5120-044	7/1/10 - 6/30/10	35,120.34										
Extracurricular Aid	11-495-034-5120-044	7/1/10 - 6/30/11											
Nonpublic Transportation Aid	Unknown												
Nonpublic Transportation Aid	Unknown												
TPAF Pension Contribution:													
Normal Pension Cost	11-485-034-5095-007	7/1/10 - 6/30/11	103,288.00										
Post Retirement Medical Pension	11-485-034-5095-001	7/1/10 - 6/30/11	2,193,832.00										
Contribution													
Reimbursed TPAF Social Security	10-495-034-5095-002	7/1/09 - 6/30/10	2,598,477.00	(124,466.00)									
Contribution													
Reimbursed TPAF Social Security	10-495-034-5095-002	7/1/10 - 6/30/11	2,565,541.37										
Contribution													
Total General Fund													
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	10-100-034-5120-064	7/1/09 - 6/30/10	24,217.00										
Textbook Aid	11-100-034-5120-064	7/1/10 - 6/30/11	21,940.00										
Nursing Services	11-100-034-5120-070	7/1/10 - 6/30/11	25,937.00										
Auxiliary Services:													
Compensatory Education	10-100-034-5120-067	7/1/09 - 6/30/10	89,252.00										
Compensatory Education	11-100-034-5120-067	7/1/10 - 6/30/11	54,423.00										
Public Transportation	11-100-034-5120-068	7/1/10 - 6/30/11	8,596.00										
English as a Second Language	11-100-034-5120-067	7/1/10 - 6/30/11	3,150.00										
Home Instruction	10-100-034-5120-067	7/1/09 - 6/30/10	4,130.00	(4,057.00)									
Home Instruction	11-100-034-5120-067	7/1/10 - 6/30/11	1,805.00										
Handicapped Services:													
Supplementary Instruction	11-100-034-5120-066	7/1/10 - 6/30/11	12,507.00										
Examination and Classification	10-100-034-5120-066	7/1/09 - 6/30/10	27,697.00										
Examination and Classification	11-100-034-5120-066	7/1/10 - 6/30/11	22,801.00										
Connecticut Speech	11-100-034-5120-066	7/1/09 - 6/30/10	28,991.00										
Connecticut Speech	11-100-034-5120-066	7/1/10 - 6/30/11	21,565.00										
Total Special Revenue Fund													

SAVERVILLE BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grants/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2009		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balance	Adjustments	June 30, 2010		Memo Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue						(Accounts Receivable)	Deferred Revenue	
State Department of Education:													
Enterprise Fund:													
National School Lunch Program	10-100-010-3360-067	7/1/09 - 6/30/10	\$ 33,355.00	\$ (3,142.00)	\$	\$	\$ 3,142.00	\$	\$	\$	\$	\$	\$
National School Lunch Program	11-100-010-3360-067	7/1/10 - 6/30/11	22,917.54	(812.00)		20,739.80	22,917.54			(2,177.74)		(2,177.74)	22,917.54
National School Breakfast Program	10-100-010-3360-066	7/1/09 - 6/30/10	6,753.00	(3,954.00)		812.00	(22,917.54)			(2,177.74)		(2,177.74)	22,917.54
Total Enterprise Fund			128,713.00			128,713.00	(128,713.00)						128,713.00
Debt Service Fund:													
Debt Service Aid - State Support	11-495-034-5120-017	7/1/10 - 6/30/11	13,810,294.00	(2,712,511.00)		2,098,538.76							(625,972.24)
Capital Projects Fund:													
SDA Grant - War Memorial High School -	4660-060-06-1000		68,017.00	(8,382.00)									(68,017.00)
Roof Repair	4660-060-09-1001		3,382.00	(105,544.00)									(3,382.00)
SDA Grant - Middle School - Roof Repair	4660-060-09-1002		105,544.00		4,060.00								(105,544.00)
Project - Afters Elementary - Roof	4660-060-06-1006		38,492.00	(36,492.00)									(36,492.00)
SDA Grant - Middle School Door	4660-060-09-1005		10,418.00	(10,416.00)									(10,416.00)
Replacement	4660-060-09-1005		14,820.00	(14,820.00)									(14,820.00)
SDA Grant - Afters Elementary - Door	4660-060-09-1003		24,540.00	(24,540.00)									(24,540.00)
Project	4660-060-09-1003		642,382.00	(642,382.00)									(642,382.00)
SDA Grant - Eisenhower Elementary -	4660-050-09-1004		277,320.00	(277,320.00)									(277,320.00)
Door Project	4660-120-09-2067				295,960.00								
SDA Grant - Wilson Elementary - Floor	4660-120-09-2008				885,689.00								
Project	4660-120-09-2008				885,689.00								
SDA Grant - Wilson Elementary -					885,689.00								
Heating Project					885,689.00								
SDA Grant - Afters Elementary -					885,689.00								
Roof Project Phase II					885,689.00								
Total Capital Projects					\$ (6,835,445.00)		\$ 2,098,538.76	\$ (23,471,822.78)	\$ 26,297.00	\$ 2,761,641.00	\$ (2,681,757.81)	\$ 885,689.00	\$ (4,410,685.81)
Total State Financial Assistance					\$ 26,297.00		\$ 24,894,673.44	\$ (23,471,822.78)	\$ 26,297.00	\$ 2,761,641.00	\$ (2,681,757.81)	\$ 885,689.00	\$ 23,471,822.78

See accompanying Notes to the Schedules of Awards and Financial Assistance.

## SAYREVILLE BOROUGH SCHOOL DISTRICT

## NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2011

**1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Board of Education, Sayreville Borough School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal awards and state financial assistance 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 Federal Awards and State Financial Assistance.

**2. BASIS OF ACCOUNTING**

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

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition 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 and capital projects fund are presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,058,713.00 for the general fund and \$ - 0 - for the special revenue fund. See Note 2 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

### 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 111,406.35	\$24,252,575.71	\$ 24,363,982.06
Special Revenue Fund	2,656,530.36	126,329.54	2,782,859.90
Debt Service Fund		128,713.00	128,713.00
Food Service Fund	<u>942,728.41</u>	<u>22,914.54</u>	<u>965,642.95</u>
Total Awards and Financial Assistance	<u>\$3,710,665.12</u>	<u>\$24,530,532.79</u>	<u>\$ 28,241,197.91</u>

### 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. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans payable outstanding to federal or state entities at June 30, 2011.

### 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively.

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

On-Behalf TPAF Post-Retirement Medical Benefit Contributions represents the amount paid directly by the State of New Jersey for post-retirement medical benefits for TPAF members retired from the District for the year ended June 30, 2011.

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Section I - Summary of Auditor's Results*

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- 1) Material weakness(es) identified?        Yes   √   No
- 2) Significant deficiencies identified that are not considered to be material weaknesses?        Yes   √   None Reported

Noncompliance material to general-purpose financial statements noted?        Yes   √   No

**Federal Awards**

Internal control over major programs:

- 1) Material weakness(es) identified?        Yes   √   No
- 2) Significant deficiencies identified that are not considered to be material weaknesses?        Yes   √   None Reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
84.010	Title I, Part A
84.027	IDEA, Part B - Basic
10.555	National School Lunch
84.391	ARRA IDEA, Part B - Basic
84.392	ARRA IDEA, Preschool

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000.00

Auditee qualified as low-risk auditee?        Yes   √   No

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Section I - Summary of Auditor's Results (Continued)**

**State Financial Assistance**

Internal control over major programs:

- 1) Material weakness(es) identified \_\_\_\_\_ Yes   √   No
- 2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   √   None Reported

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
11-495-034-5120-078	Equalization Aid
11-495-034-5095-002	Reimbursed TPAF Social Security Contributions
11-495-034-5120-083	Special Education Aid

Dollar threshold used to distinguish between Type A and Type B programs: \$635,241.08

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   √   No

**Section II - Financial Statement Findings:**

No financial statement findings that are required to be reported under *Government Auditing Standards*.

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

**a) Federal Award Findings and Questioned Costs:**

There were no findings or questioned costs for federal awards.

**b) State Award Findings and Questioned Costs:**

There were no findings or questioned costs for state financial assistance.

**SAYREVILLE BOROUGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2011**

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

**Status of Prior Year Findings:**

***Finding #2010-1 and #2010-2:***

The audit revealed that School Development Authority (SDA) school facilities grant programs along with the corresponding local share of eligible project costs were not recorded and accounted for in the Capital Projects Fund.

***Current Status:***

Corrective action has been taken. See Auditor's Management Report dated November 21, 2011.

