

SCHOOL DISTRICT

OF

SHREWSBURY

**SHREWSBURY BOARD OF EDUCATION
SHREWSBURY, NEW JERSEY**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

SHREWSBURY BOARD OF EDUCATION

SHREWSBURY, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY

**SHREWSBURY BOARD OF EDUCATION
BUSINESS ADMINISTRATOR/BOARD SECRETARY**

SHREWSBURY SCHOOL DISTRICT

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INTRODUCTORY SECTION

Shrewsbury Borough Board of Education

Debora A. Avento
Business Administrator
20 Obre Place
Shrewsbury, New Jersey 07702

Telephone (732) 747-0887
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1.

November 30, 2011

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

Dear Board Members:

The comprehensive annual financial report of the Shrewsbury 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 Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of State and Local Governments. 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: The Shrewsbury School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Board and its school constitute the District's reporting entity.

The District provides a full range of educational services (regular and special) appropriate to grade levels K through 8. The District also has an in-house Pre-School Tuition Program. The District completed the 2010-11 fiscal year with an enrollment of 491 students.

1. REPORTING ENTITY AND ITS SERVICES (Continued:)

The following details the changes in the student enrollment of the District over the last fifteen years.

Average Daily Enrollment

<u>Fiscal Year Student</u>	<u>Enrollment</u>	<u>Percent Changes</u>
2010/11	491	(.034%)
2009/10	508	1.2%
2008/09	502	.8%
2007/08	498	(2.8%)
2006/07	512	0%
2005/06	512	(.031%)
2004/05	528	(5.04%)
2003/04	556	1.46%
2002/03	548	2.19%
2001/02	536	(.37%)
2000/01	538	1.13%
1999/00	532	3.86%
1998/99	512	8.02%
1997/98	474	3.26%
1996/97	459	5.76%
1995/96	434	4.60%
1994/95	414	5.08%
1993/94	394	3.14%
1992/93	382	3.80%

2. ECONOMIC CONDITION AND OUTLOOK: The Shrewsbury Borough Public School System is located in the east central part of Monmouth County. The Borough covers 2.2 square miles and as per the January 1, 2005 Monmouth County Planning Board estimates, has a population of approximately 3,784 who reside mainly in single-family homes.

The school system is a PreK-8 District with one school. The current student population as of June 30, 2011 including the three (3) full day kindergarten classes and a Pre-School Tuition Program class is 491.

3. MAJOR INITIATIVES:

In the 2010-11 school year, the Board and Administration reviewed the remaining projects in the district's Long Range Facility Plan. Due to Budget limitations and a 5% reduction in state aid in the current year, the district had to relinquish the remaining ROD Grants as the budget could not support the general fund portion of the grants. However, prior to the state reducing current state aid, the building developed several roof leaks due to the heavy snowfall which lead to repairing a large portion of the school's roof until such a time that a new roof could be properly planned for.

Also due to budget constraints and state directives, at the conclusion of the 2010-2011 school year, upon the recommendation of the Finance and Facilities Committees, the district established

3. MAJOR INITIATIVES: (Continued)

a Maintenance Reserve account in the hope of being able to use those funds to effect any necessary repairs that the district may encounter moving forward.

The Readers are Leaders program continued, sponsored by the Greater Red Bank Kiwanis Club, saw the students read over 5,000 books over the summer. Sixty (60) members of the armed forces, both veterans and those on active duty, attended the annual Salute to the Veterans assembly. The trip to Washington for the eighth grade was spectacular, with 63 students spending three nights and four days in our nation's capital. The seventh grade trip to Broadway and the play Phantom of the Opera was also a highlight.

Reviewing the district's ongoing programs that benefit both regular and special education students is always a goal of the district. As the administration and staff continually strive to improve the delivery of instruction to every child, the quality of the education the students receive continues to improve. Two innovative instructional initiatives that were implemented during the 2010-2011 school year were the Flexible Grouping Pilot Program that was introduced in third grade which is a project based learning approach and the Guided Reading Program to help support and enhance reading efforts of students on all skill levels. A Reading Clinic to further assist students was also initiated.

Toward the end of the school year, the district also began preparing for a major initiative to revise all of the current curriculums due to new federal content standards. The district also significantly increased the staff development efforts to support the new programs and technology initiatives that will continue into the 2011-2012 school year.

4. INTERNAL ACCOUNTING CONTROLS: The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP").

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the

5. BUDGETARY CONTROLS: (Continued)
municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board ("GASB"). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in 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 2 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 Government 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, fidelity bonds, and workman's compensation.

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Robert A. Hulsart 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 of 1984 and the related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the Members of the 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,


Brent MacConnell
Superintendent


Debora Avento
Business Administrator

**SHREWSBURY BOROUGH BOARD OF EDUCATION
SHREWSBURY, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lisa Barnes	2014
Vincent Costa, President	2011
Kelly Kachinski, Vice President	2013
Patricia Hennelly	2013
Karolanne Konefal	2014
Jenna Keale	2012
Thomas Nelson	2012
Christine Rieger	2012
John Smallwood	2014

Other District Officials:

Brent MacConnell, Superintendent
Debora Avento, Business Administrator
Loretta Hill, Treasurer
Russell Weiss, Board Attorney
Carl Tanksley, Board Attorney

SHREWSBURY BOROUGH BOARD OF EDUCATION
SHREWSBURY, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2011

Auditor/Audit Firm:

Robert A. Hulsart, CPA, RMA
Robert A. Hulsart and Company
2807 Hurley Pond Road
Wall, New Jersey 07719

Attorney:

Mr. Russell Weiss, Esq.
Parker McKay P.A.
1009 Lenox Dr.
Building Four East, Suite 102A
Morristown, NJ 07962-2355

Official Depositories:

TD Bank
First Union National Bank
Chase Manhattan The Depository Trust Co.
The Bank of NY

FINANCIAL SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

7.

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of the Shrewsbury Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 19 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

November 30, 2011

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

9.

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

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

K-1

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

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Shrewsbury 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 Shrewsbury Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Shrewsbury 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

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

November 30, 2011

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

SHREWSBURY BOROUGH PUBLIC SCHOOL DISTRICT

BOROUGH OF SHREWSBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The Management's Discussion and Analysis (MD&A) of Shrewsbury Board of Education provide an overview of the School District financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal, which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

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

Financial Highlights

Key financial highlights for the 2010-2011 fiscal year are as follows:

- The School District had \$7,731,852 in expenses; only \$350,291 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) were adequate to provide for these programs.
- The local tax levy increased from 2009-2010 by \$163,055 to \$7,155,850 (including debt service) primarily due to the district minimizing the contribution to tax relief in anticipation of future capital outlay projects.
- On a budgetary basis, the unreserved, undesignated general fund balance is at 2% in the amount of \$292,752 per the imposed restriction of \$1701, excess fund balance of \$202,697 will be allocated towards tax relief in the 2012-2013 budget process.

Financial Highlights (Continued)

- As in the prior year, per the state, the District was not permitted to record the 2010-2011 final state aid payments as a receivable or revenue in this fiscal year. The final state aid payments were received in July 2011.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Shrewsbury 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 Shrewsbury Public School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2010-2011 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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 has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets as of June 30, 2011 and 2010.

Table 1
Net Assets

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current and Other Assets	\$ 576,507	324,173
Capital Assets, Net	<u>6,249,777</u>	<u>6,292,584</u>
Total Assets	<u>\$ 6,826,284</u>	<u>6,616,757</u>
<u>Liabilities</u>		
Long-Term Liabilities	\$ 3,604,263	3,993,150
Other Liabilities	<u>396,697</u>	<u>400,458</u>
Total Liabilities	<u>\$ 4,000,960</u>	<u>4,393,608</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Debt	\$ 2,645,514	1,919,434
Restricted	284,372	42,552
Unrestricted	<u>(80,566)</u>	<u>269,640</u>
Total Net Assets	<u>\$ 2,849,320</u>	<u>2,231,626</u>

Table 2 shows the changes in net assets for fiscal year 2011. Revenue and expense comparisons to fiscal year 2010.

Table 2
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
General Revenues		
Property Taxes	\$ 6,576,314	6,415,916
Taxes Levied for Debt Service	579,536	576,879
Grants and Entitlements	965,168	1,046,761
Other	<u>52,740</u>	<u>212,996</u>
Total Revenues	<u>8,173,758</u>	<u>8,252,552</u>
<u>Program Expenses</u>		
Instruction:		
Regular	2,300,527	2,582,168
Special Education	623,738	839,289
Other Instruction	87,868	107,792
Support Services:		
Tuition	82,681	1,500
Student and Instructional Related Services	862,149	725,270
School Administration	462,946	437,276
General Administration	400,792	391,725
Operations and Maintenance of Facilities	535,210	613,167
Pupil Transportation	97,889	70,005
Unallocated Benefits/Business Support Services	1,744,088	1,712,377
Interest on Debt	195,569	207,750
Food Service	95,729	118,772
Unallocated Depreciation	<u>242,666</u>	<u>238,829</u>
Total Expenses	<u>7,731,852</u>	<u>8,045,920</u>
Increase (decrease) in Net Assets	<u>\$ 441,906</u>	<u>206,632</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 88% percent of revenues for governmental activities including debt service for the Shrewsbury Borough Public School District for fiscal year 2011. The District's total revenues were \$8,100,504 for the fiscal year ended June 30, 2011. Federal, state and local grants accounted for another 11.5%.

Business-Type Activities

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

- Food service & tuition expenses were over revenues by \$7,231.
- Charges for services represent \$73,254 of revenue. This represents amount paid by patrons for daily food services and tuitions.

Governmental Activities

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

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

The School Board' Funds

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

As the School Board completed the fiscal year ended June 30, 2011, it reported a combined net asset balance of \$2,849,320.

The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

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

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

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

The structuring of the debt during the April 1, 2002 bond issue was designed to maintain the current debt service level with principal and interest payments. The Debt Service will have level payments over the remaining years, unless additional debt service is incurred in future years.

Capital Assets

At June 30, 2011, the School Board had approximately \$6,249,777 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2011 fiscal year.

	<u>Governmental Activities</u>
Table II Capital Assets at June 30, 2011	
Land	\$ 69,345
Buildings & Sites	6,008,685
Machinery and Equipment	<u>171,747</u>
Total	<u>\$ 6,249,777</u>

Debt Administration

At June 30, 2011, the School District had \$3,999,263 of outstanding debt.

Economic Factors and Next Year's Budget

The Shrewsbury Borough School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Shrewsbury is primarily a residential community. Although a town-wide revaluation adjusted the ratables significantly during the prior year, increases in future ratables are limited. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

For the 2010-2011 school year, the Shrewsbury School District was able to sustain its general fund budget through the local tax levy, state education aid, federal aid and local revenue sources. Approximately 88% of the district's total revenue is from local tax levy, 11.5% is from State Aid and Federal Aid, and .5% is from miscellaneous revenue, which among other things includes interest on deposits.

Economic Factors and Next Year's Budget (Continued)

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

Although the district anticipates a slight increase in enrollment for the 2011-2012 fiscal year, the District will be conducting a new demographic study to assist with the forecasting of future enrollment.

In conclusion, the Shrewsbury Borough Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. Although future decreases in state aid will place an additional burden on the taxpayers of Shrewsbury Borough, the School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Debi Avento, School Business Administrator/Board Secretary at The Shrewsbury Borough Board of Education, 20 Obre Place, Shrewsbury, New Jersey 07702.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

SHREWSBURY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 46,221	23,996	70,217
Receivables, Net	530,286		530,286
Capital Assets, Net	<u>6,249,777</u>		<u>6,249,777</u>
Total Assets	<u>\$ 6,826,284</u>	<u>23,996</u>	<u>6,850,280</u>
<u>Liabilities</u>			
Accounts Payable	\$ 1,697		1,697
Noncurrent Liabilities:			
Due Within One Year	395,000		395,000
Due Beyond One Year	<u>3,604,263</u>		<u>3,604,263</u>
Total Liabilities	<u>\$ 4,000,960</u>	<u>-</u>	<u>4,000,960</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	\$ 2,645,514		2,645,514
Restricted For:			
Capital Projects	10,174		10,174
Other Purposes	274,198		274,198
Unrestricted	<u>(104,562)</u>	<u>23,996</u>	<u>(80,566)</u>
Total Net Assets	<u>\$ 2,825,324</u>	<u>23,996</u>	<u>2,849,320</u>

The accompanying notes to financial statements are an integral part of this statement.

SHREWSBURY SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

<u>Functions/Programs</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:					
Instruction:					
Regular	\$ 2,300,527	79,860	(2,220,667)		(2,220,667)
Special Education	623,738	76,527	(547,211)		(547,211)
Other Special Instruction	66,974		(66,974)		(66,974)
Other Instruction	20,894		(20,894)		(20,894)
Support Services:					
Tuition	82,681		(82,681)		(82,681)
Student & Instruction Related Services	862,149	120,650	(741,499)		(741,499)
School Administrative Services	462,946		(462,946)		(462,946)
General and Business Administrative Services	400,792		(400,792)		(400,792)
Plant Operations and Maintenance	535,210		(535,210)		(535,210)
Pupil Transportation	97,889		(97,889)		(97,889)
Unallocated Benefits	1,744,088		(1,744,088)		(1,744,088)
Interest on Long-Term Debt	195,569		(195,569)		(195,569)
Unallocated Depreciation	242,666		(242,666)		(242,666)
Total Government Activities	7,636,123	197,177	(7,359,086)	-	(7,359,086)
Business-Type Activities:					
Enterprise Funds	95,729			(22,475)	(22,475)
Total Business-Type Activities	95,729	-	-	(22,475)	(22,475)
Total Primary Government	7,731,852	197,177	(7,359,086)	(22,475)	(7,381,561)

SHREWSBURY SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	\$ 6,576,314		6,576,314
Taxes Levied for Debt Service	579,536		579,536
Federal and State Aid Not Restricted	614,877		614,877
Miscellaneous Income	821	5	826
Refunds	51,914		51,914
Transfers	(15,239)		-
Total General Revenues, Special Items, Extraordinary Items and Transfers	7,808,223	15,244	7,823,467
Change in Net Assets	449,137	(7,231)	441,906
Adjustment for Fixed Assets and Accrued Interest	175,088		175,088
Net Assets - Beginning	2,201,099	31,227	2,232,326
Net Assets - Ending	<u>\$ 2,825,324</u>	<u>23,996</u>	<u>2,849,320</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 46,220			1	46,221
Receivables from Other Governments	55,541	36,301	438,444		530,286
Interfund Receivable	462,874				462,874
Total Assets	<u>\$ 564,635</u>	<u>36,301</u>	<u>438,444</u>	<u>1</u>	<u>1,039,381</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts Payable	\$ -	1,697			1,697
Interfunds Payable		34,604	428,270		462,874
Total Liabilities	<u>-</u>	<u>36,301</u>	<u>428,270</u>	<u>-</u>	<u>464,571</u>
Fund Balance:					
Committed To:					
Designated for Subsequent Years Expenditures	8,149		10,174		18,323
Excess Surplus	202,696				202,696
Excess Surplus - Designated for Subsequent Years Expenditures	12,052				12,052
Maintenance Reserve	50,000				50,000
Assigned					
Other Purposes	1,300				1,300
Unassigned					
General Fund	290,438				290,438
Debt Service				1	1
Total Fund Balances	<u>564,635</u>	<u>-</u>	<u>10,174</u>	<u>1</u>	<u>574,810</u>
Total Liabilities and Fund Balance	<u>\$ 564,635</u>	<u>36,301</u>	<u>438,444</u>	<u>1</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$10,572,251 and the accumulated depreciation is \$4,322,474.

6,249,777

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

(3,999,263)

Net assets of governmental activities

\$ 2,825,324

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

SHREWSBURY SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Local Sources:					
Local Tax Levy	\$ 6,576,314			579,536	7,155,850
Tuition	79,860				79,860
Interest on Capital Reserve	581				581
Refunds	51,914				51,914
Miscellaneous	237				237
Total Local Sources	<u>6,708,906</u>	-	-	<u>579,536</u>	<u>7,288,442</u>
State Sources	602,088	9,821			611,909
Federal Sources	12,789	187,356			200,145
Total Revenues	<u>7,323,783</u>	<u>197,177</u>	-	<u>579,536</u>	<u>8,100,496</u>
Expenditures					
Current:					
Regular Instruction	2,281,625				2,281,625
Special Education Instruction	547,211	76,527			623,738
Other Special Instruction	66,974				66,974
Other Instruction	20,894				20,894
Support Services and Undistributed Costs:					
Tuition	82,681				82,681
Student and Instruction Related Services	741,499	120,650			862,149
School Administrative Services	462,946				462,946
Other Administrative Services	400,792				400,792
Plant Operations and Maintenance	535,210				535,210
Pupil Transportation	97,889				97,889
Unallocated Benefits	1,744,088				1,744,088
Capital Outlay	21,408				21,408
Education Jobs	12,789				12,789
Debt Service Principal				380,000	380,000
Interest on Debt Service				199,535	199,535
Total Expenditures	<u>7,016,006</u>	<u>197,177</u>	-	<u>579,535</u>	<u>7,792,718</u>

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

SHREWSBURY SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	307,777	-	-	1	307,778
Other Financing Sources (Uses):					
Transfers In					
Transfers Out	(15,239)				-
Total Other Financing Sources (Uses)	(15,239)	-	-	-	(15,239)
Net Change in Fund Balances	292,538	-	-	1	292,539
Fund Balance - July 1	272,097		10,174		282,271
Fund Balance - June 30	\$ 564,635	-	10,174	1	574,810

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

SHREWSBURY SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ 292,542
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital Outlay	21,408	
Depreciation Expense	<u>(242,666)</u>	(221,258)
Repayment of bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities		380,000
Compensated Absences		(6,113)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		<u>3,966</u>
Change in Net Assets of Governmental Activities		<u>\$ 449,137</u>

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

SHREWSBURY SCHOOL DISTRICT**STATEMENT OF NET ASSETS**

Exhibit B-4

PROPRIETARY FUNDS**JUNE 30, 2011**

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Food Service Fund</u>	<u>Tuition Fund</u>	
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 22,429	1,567	23,996
Total Current Assets	<u>22,429</u>	<u>1,567</u>	<u>23,996</u>
Noncurrent Assets:			
Equipment	33,058		33,058
Less: Accumulated Depreciation	<u>(33,058)</u>	<u></u>	<u>(33,058)</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 22,429</u>	<u>1,567</u>	<u>23,996</u>
<u>Net Assets</u>			
Unrestricted	<u>\$ 22,429</u>	<u>1,567.00</u>	<u>23,996</u>
Total Net Assets	<u>\$ 22,429</u>	<u>1,567</u>	<u>23,996</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGESIN FUND NET ASSETSPROPRIETARY FUNDSJUNE 30, 2011

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Food Service Fund</u>	<u>Tuition Fund</u>	
Operating Revenues:			
Local Sources:			
Daily Sales Reimbursable Programs:			
School Lunch Program	\$ 14,379		14,379
Miscellaneous	3,870		3,870
Tuition	-	55,005	55,005
Total Operating Revenue	<u>18,249</u>	<u>55,005</u>	<u>73,254</u>
Operating Expenses:			
Cost of Sales	14,619		14,619
Depreciation	606		606
Miscellaneous	11,122		11,122
Tuition Reimbursements	15,239		15,239
Salaries		54,143	54,143
Total Operating Expenses	<u>41,586</u>	<u>54,143</u>	<u>95,729</u>
Operating Income (Loss)	(23,337)	862	(22,475)
Non-Operating Revenues:			
Board Contribution	15,239		15,239
Interest		5	5
Total Non-Operating Revenues	<u>15,239</u>	<u>5</u>	<u>15,244</u>
Change in Net Assets	(8,098)	867	(7,231)
Net Assets, July 1	<u>30,527</u>	<u>700</u>	<u>31,227</u>
Net Assets, June 30	<u>\$ 22,429</u>	<u>1,567</u>	<u>23,996</u>

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

SHREWSBURY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDS

JUNE 30, 2011

	<u>Enterprise Funds</u>		
	<u>Food Service</u>	<u>Tuition</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 18,249	55,005	73,254
Payments to Employees	(15,239)	(73,895)	(89,134)
Payments to Suppliers & Miscellaneous	(25,751)		(25,751)
Net Cash Used by Operating Activities	<u>(22,741)</u>	<u>(18,890)</u>	<u>(41,631)</u>
Cash Flows from Noncapital Financing Activities:			
Board Contribution	15,239	-	15,239
Net Cash Provided by Noncapital Financing Activities	<u>15,239</u>	<u>-</u>	<u>15,239</u>
Cash Flows from Investing Activities:			
Interest		5	5
Net Cash Provided by Investing Activities	<u>-</u>	<u>5</u>	<u>5</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(7,502)	(18,885)	(26,387)
Cash and Cash Equivalents July 1	<u>29,931</u>	<u>20,452</u>	<u>50,383</u>
Cash and Cash Equivalents June 30	<u>\$ 22,429</u>	<u>1,567</u>	<u>23,996</u>
Cash Flows from Operating Activities:			
Operating Income (Loss)	\$ (23,337)	862.00	(22,475)
Adjustments to Reconcile Operating Income (Loss) to			
Cash Provided (Used) by Operating Activities:			
Depreciation	606		606
(Increase)/Decrease in Accounts Payable	(10)	(19,752)	(19,762)
Net Cash Used by Operating Activities	<u>\$ (22,741)</u>	<u>(18,890)</u>	<u>(41,631)</u>

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

SHREWSBURY SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET ASSETS

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
Assets:		
Cash and Cash Equivalents	\$ 7,874	107,507
Total Assets	<u>\$ 7,874</u>	<u>107,507</u>
Liabilities:		
Payroll Deductions and Withholdings		107,507
Total Liabilities		<u>107,507</u>
Net Assets:		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 7,871</u>	
Total Net Assets	<u>\$ 7,871</u>	

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

SHREWSBURY SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Exhibit B-8

FIDUCIARY FUNDSFOR THE YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
<u>Additions</u>	
Contributions:	
Other	\$ 58,016
Total Contributions	<u>58,016</u>
Investment Earnings:	
Interest	9
Net Investment Earnings	<u>9</u>
Total Additions	<u>58,025</u>
<u>Deductions</u>	
Unemployment Claims	50,211
Total Deductions	<u>50,211</u>
Change in Net Assets	7,814
Net Assets - Beginning of Year	<u>60</u>
Net Assets - End of the Year	<u>\$ 7,874</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
SHREWSBURY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Shrewsbury Borough School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8.

The students Grades 9-12 are educated by the Red Bank High School District of which Shrewsbury Borough is a member.

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

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

B. Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the government as a whole. These financial statements are constructed around the concept of a primary government as defined by GASB-14 (The Financial Reporting Entity) and therefore encompass the primary government and its component units except for fiduciary funds of the primary government and component units that are fiduciary in nature. Financial statements of fiduciary funds are not presented in the government-wide financial statements but are included in the fund financial statements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

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

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

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

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

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

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were insignificant except for the reduction of state aid and an amendment for the education jobs funding.

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued):

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of 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 following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types. Note that the District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

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.

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

G. Short-Term Interfund Receivables/Payables:

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

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.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation

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

The District utilized a program developed by ASBO during the 2003 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2002-2003 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2003, fiscal year 2003 depreciation expense, total accumulated depreciation and book values were also provided and have been updated annually through June 30, 2011. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective amounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

The District currently uses Industrial Appraisal Company to maintain and update the fixed asset accounting records. An update was completed for 2008-2009. The District provided updates for 2010-2011.

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

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Appraisal Adjustments</u>	<u>Balance June 30, 2011</u>
Governmental Activities:				
Capital Assets that are Not Being Depreciated:				
Land	\$ 69,345	_____	_____	_____69,345
Depreciable Assets:				
Sites	156,721			156,721
Buildings	8,637,061		186,900	8,823,961
Equipment	1,508,659		13,565	1,522,224
Total	<u>10,302,441</u>	_____	<u>200,465</u>	<u>10,502,906</u>
Less: Accumulated Depreciation:				
Sites	(121,397)	(5,932)		(127,329)
Buildings	(2,634,183)	(210,485)		(2,844,668)
Equipment	<u>(1,324,228)</u>	<u>(26,249)</u>		<u>(1,350,477)</u>
Total Accumulated Depreciation	<u>(4,079,808)</u>	<u>(242,666)</u>	_____	<u>(4,322,474)</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2011</u>
Net Depreciable Assets	<u>6,222,633</u>	<u>(242,666)</u>	<u>200,465</u>	<u>6,180,432</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,291,978</u>	<u>(242,666)</u>	<u>200,465</u>	<u>6,249,777</u>
Business-Type Activities:				
Equipment	\$ 33,058			33,058
Less: Accumulated Depreciation For:				
Equipment	<u>(32,452)</u>	<u>(606)</u>	<u>—</u>	<u>(33,058)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 606</u>	<u>(606)</u>	<u>—</u>	<u>—</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 242,666</u>
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J. Deferred Revenue

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

K. Long-Term Obligations

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

L. Fund Equity

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

M. 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.

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

Investments

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

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

NOTE 2: Cash and Cash Equivalents and Investments (Continued)

Investments (Continued)

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

FDIC	\$ 100,000
GUPDA	<u>385,648</u>
	<u>\$ 485,648</u>

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

	Cash and Cash
	<u>Equivalents</u>
Interest Bearing Checking Accounts	<u>\$ 234,886</u>

The carrying amount of the District's cash and cash equivalents and investments at June 30, 2011 was \$234,886 and the bank balance was \$485,648. Of the bank balance, \$100,000 was covered by federal depository insurance and \$385,648 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Long-Term</u> <u>Portion</u>	<u>2011-12</u> <u>Payment</u>
Compensated Absences Payable	\$ 144,150	6,113		150,263	150,263	
Bonds Payable	<u>4,229,000</u>	<u> </u>	<u>380,000</u>	<u>3,849,000</u>	<u>3,454,000</u>	<u>395,000</u>
	<u>\$ 4,373,150</u>	<u>6,113</u>	<u>380,000</u>	<u>3,999,263</u>	<u>3,604,263</u>	<u>395,000</u>

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

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

Principal and interest due on the bond outstanding is as follows:

Year Ending Jun	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 395,000	181,480	576,480
2013	415,000	155,480	570,480
2014	435,000	142,655	577,655
2015	455,000	121,819	576,819
2016	480,000	99,850	579,850
2017-2021	1,135,000	309,500	1,444,500
2022-2023	<u>534,000</u>	<u>40,400</u>	<u>574,400</u>
	<u>\$ 3,849,000</u>	<u>1,051,184</u>	<u>4,900,184</u>

Refunding bonds issued 8/15/98 at interest from 4.50% to 4.75% maturing 8/15/15 with a balance of \$1,275,000 at 6/30/11.

Bonds issued 2/15/02 at interest from 4.5% to 5% maturing 2/15/23 with a balance of \$2,574,000 at 6/30/11.

B. Bonds Authorized But Not Issued

As of June 30, 2011, the Board had no bonds authorized but not issued. Refunding bonds on Certificates of Participants were issued August 15, 1998. See Note 9.

NOTE 4: Pension Plans

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

NOTE 4: Pension Plans (Continued)

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

Public Employees' Retirement System (PERS) – The Public 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 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision 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 contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the 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.

NOTE 4: Pension Plans (Continued)

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required 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% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides 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 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2011, the State of New Jersey contributed \$237,087 to the TPAF 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 \$247,059 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. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/11	\$ None	100%	\$ 0
6/30/10	None	100%	0
6/30/09	None	100%	0

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/11	\$ 237,087	100%	\$ 0
6/30/10	222,899	100%	0
6/30/09	207,995	100%	0

NOTE 5: Post-Retirement Benefits

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

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

NOTE 6: 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 right 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.

NOTE 7: Risk Management

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

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

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

NOTE 7: Risk Management (Continued)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2008-2009	None	29,412	26,128	5,517
2009-2010	None	41,672	47,129	60
2010-2011	None	58,025	50,211	7,874

NOTE 8: Economic Dependency

The District receives 13% of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

NOTE 9: Certificates of Participation

On July 1, 1994, the Board entered into an agreement with Tucker Anthony Incorporated to lease purchase the construction of an addition and renovations to the Shrewsbury Borough School and the demolition of the original 1908 school which was vacated by the Board. The existing buildings and land owned by the Board have been leased to Tucker Anthony Incorporated, pursuant to a lease agreement dated July 1, 1994. The Board entered into the lease purchase agreement pursuant to N.J.S.A. 18a:20-4.2(F). Certificates of Participation ("COPs") totaling \$3,295,000.00 were issued and proceeds budgeted as follows.

Sources:

Certificates of Participation	\$ 3,295,000.00
Accrued Interest	7,981.56
Original Issue Discount	<u>(12,990.25)</u>
	<u>\$ 3,289,991.31</u>

Uses:

Construction and Related Costs	\$ 3,164,024.13
Deposit To Lease Revenue	7,981.56
Costs of Issuance	<u>117,985.62</u>
	<u>\$ 3,289,991.31</u>

Under the lease, the Board is required to pay Basic rent due on each February 1 and August 1, commencing February 1, 1995. Basic Rent is composed of an interest component and a principal component. The certificates carry interest rates in the range of 4.50% to 6.60%. The certificates mature on August 15, 2015. The Bank of New York NA has been appointed to serve as an Agent in the Agreement.

NOTE 9: Certificates of Participation (Continued)**Optional Prepayment**

The certificates maturing on or after August 15, 2015 are subject to prepayment on or after August 15, 2004, at the option of the Board in whole at any time or in part on any interest payment date at redemption price expressed as a percentage of the principal portion of the basic rent represented by the certificates or portion thereof to be redeemed set opposite such period in the following table plus accrued interest to the date of redemption. This option will be exercised from escrow funds raised from sale of refunding bonds.

<u>Period (Both Dates Inclusive)</u>	<u>Redemption Price</u>
August 15, 2004 to August 14, 2005	102%
August 15, 2005 to August 14, 2006	101%
August 15, 2006 and Thereafter	100%

The certificates are subject to mandatory prepayment commencing August 15, 2005 and on each August 15 thereafter, at the prepayment price equal to the principal amount being prepaid plus accrued interest to the date fixed for prepayment. The prepayment amounts are due on August 15 in each of the following years:

<u>Year</u>	<u>Principal</u>
2011	\$ 215,000
2012	230,000
2013	245,000
2014	260,000
(Final Maturity) 2015	280,000

Extraordinary Prepayment

The certificates are subject to extraordinary prepayment at a redemption price equal to the principal amount plus accrued interest to the redemption date, in whole or in part (in inverse order of maturities and within a maturity by lot), on the first interest payment date following (a) an Event of Extraordinary Prepayment, from the net proceeds of insurance or condemnation proceedings, together with any other available revenues if the Board determines not to repair, restore or reconstruct the project or the affected portion thereof and (b) in whole, at any time, from monies received by the Agent on the Exercise of its rights under the Agent Agreement with respect to an Event of Default or an Event of Nonappropriations.

Defeasance

The voters of the school district voted in the affirmative of a special election held on April 21, 1998 to authorize the issuance of bonds (Refunding Bonds) to provide funds to defease, in part, the outstanding 1994 Certificates of Participation (the Prior Certificates). The Prior Certificates dated July 15, 1994 were issued to finance the construction of additions to and renovations of the existing Elementary School Building. The building is located on land owned by the Board of Education that has been leased to Tucker Anthony, Inc. pursuant to a ground lease agreement dated July 1, 1994. Proceedings from the sales of the Prior Certificates were used to finance construction of an addition and renovation to the existing elementary school. Approval for the defeasance was obtained from the Commissioner of Education of the State of New Jersey on April 15, 1998.

NOTE 9: Certificates of Participation (Continued)**Defeasance (Continued)**

The sale of the Refunding Bonds and the receipt of the proceeds was consummated on August 15, 1998. Direct obligations of the United States Government were purchased and irrevocably deposited into an escrow fund. The Refunding Bonds are dated August 15, 1998 and will mature on August 15, 2015. The Refunding Bonds carry interest rates in the range of 4.50% to 4.75%. As a result of this transaction a portion of the Prior Certificates will be defeased and accordingly, the related liability will be removed from the general long-term debt account group. This advance refunding was undertaken to reduce total payments over the next 18 years by \$109,042 and to obtain an economic gain (difference between the present value of the lease purchase payments the Prior Certificates and the debt service payments for the Refunding Bonds, discounted at the effective interest rate) of \$91,482 which resulted in a net present value cost savings of 3.44% (economic gain divided by the outstanding bonds under the refunded issue).

Certificates of Participation Refunded

As of August 15, 1998 Refunding Bonds were sold for Certificates of Participation dated from August 15, 2005 to August 15, 2015 in the amount of \$2,275,000 for \$2,655,000. The Certificates of Participation dated August 15, 1998 to August 15, 2004 will mature as previously issued. This will result in savings of \$109,042 over the life of the issue.

NOTE 10: Contingent Liabilities

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

NOTE 11: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 462,874	
Capital Project Fund		428,270
Special Revenue		<u>34,604</u>
	\$ 462,874	<u>462,874</u>

The interfund with Capital Projects will be liquidated when the balance of the state receivables are received.

NOTE 12: Fair Values of Financial Instruments

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

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

NOTE 13: 2% Calculation of Excess Surplus

2010-11 Total General Fund Expenditures Per the CAFR	\$ 7,016,006
Increased by:	
Transfer to Food Service	15,239
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(484,146)</u>
Adjusted 2010-2011 General Fund Expenditures	<u>\$ 6,547,099</u>
2% of Adjusted 2010-11 General Fund Expenditures	\$ 130,942
Increased by Allowable Adjustments	<u>42,752</u>
Maximum Unassigned Fund Balance	<u>\$ 173,694</u>
Enter Above or \$250,000, whichever is greater	\$ 250,000
Increased by Allowable Adjustments	<u>42,752</u>
Maximum Unassigned Fund Balance	<u>\$ 292,752</u>
<u>Section 2</u>	
Total General Fund – Fund Balance @ 6-30-11	\$ 566,949
Decreased by:	
Reserve for Encumbrances	(1,300)
Designated for Subsequent Year’s Expenditures – Excess Surplus	(12,052)
Designated for Subsequent Year’s Expenditures	(8,149)
Maintenance Reserve	<u>(50,000)</u>
Total Unassigned Fund Balance	<u>\$ 495,448</u>
Restricted Fund Balance – Excess Surplus	<u>\$ 202,696</u>
<u>Section 3</u>	
<u>Detail of Allowable Adjustments</u>	
Extraordinary Aid	\$ 39,587
Non-Public Transportation	<u>3,165</u>
	<u>\$ 42,752</u>
<u>Detail of Excess Surplus</u>	
Designated for Subsequent Year’s Expenditures – Excess Surplus	\$ 12,052
Excess Surplus	<u>202,697</u>
	<u>\$ 214,749</u>

NOTE 14: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2011. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2011 through November 30, 2011.

NOTE 15: Fixed Asset and Accrued Interest Adjustment

The fixed assets valuation provided by Industrial Appraisal reflected an adjustment for fixed assets of \$179,057 for fixed assets not included on the previous year's appraisal report. A prior period adjustment was also made to accrued interest in the amount of \$(3,969) for a net adjustment of \$175,088.

NOTE 16: EDA Reimbursements

The District has been working on finalizing their EDA reimbursement for a renovation program dating back to 2001-2002. It was expected that this would be resolved in 2010-2011, but a final determination on the reimbursement was still pending as of June 30, 2011. The District confirmed with the State of New Jersey that the District is eligible to receive the final \$348,031 pending final submission and review by the State of New Jersey. It is expected that this reimbursement will be finalized in 2011-2012.

NOTE 17: Pending Litigation

Litigation has been instituted against the District in relation to services provided to a student. The Board intends to vigorously defend itself against these claims. The likelihood of an unfavorable outcome or estimate of potential loss cannot be determined at this time. It is the opinion of management that the District's insurance coverage and available resources are adequate to cover any potential liability at this time.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 6,576,314		6,576,314	6,576,314	-
Tuition	62,000		62,000	79,860	17,860
Interest on Capital Reserve	10		10	581	571
Refunds				51,914	51,914
Miscellaneous	15,000		15,000	237	(14,763)
Total Local Sources	<u>6,653,324</u>	<u>-</u>	<u>6,653,324</u>	<u>6,708,906</u>	<u>55,582</u>
State Sources:					
Special Education Aid	38,908		38,908	38,908	-
Extraordinary Aid				39,587	39,587
Non-Public Transportation Aid				3,165	3,165
On-behalf TPAF Pension Contr. (non-budgeted)				237,087	237,087
Reimbursed TPAF Social Security (non-budgeted)				247,059	247,059
Total State Sources	<u>38,908</u>	<u>-</u>	<u>38,908</u>	<u>565,806</u>	<u>526,898</u>
Federal Sources					
Education Jobs		12,789	12,789	12,789	-
Total Revenues	<u>6,692,232</u>	<u>12,789</u>	<u>6,705,021</u>	<u>7,287,501</u>	<u>582,480</u>

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Preschool-Salaries of Teachers	54,975	(1,000)	53,975	53,685	290
Kindergarten - Salaries of Teachers	163,755	580	164,335	164,286	49
Grades 1-5 - Salaries of Teachers	1,140,746	(15,960)	1,124,786	1,124,785	1
Grades 6-8 - Salaries of Teachers	709,429	24,539	733,968	733,873	95
Home Instruction	5,000	(4,500)	500		500
Undistributed:					
Home Instruction - Purchased Professional Services	500	-	500		500
Other Salaries for Instruction	52,235	(21,884)	30,351	29,324	1,027
Purchased Technical Services	58,300	-	58,300	51,833	6,467
Other Purchased Services	26,795	-	26,795	25,821	974
General Supplies	154,806	(53,907)	100,899	92,547	8,352
Textbooks	15,000	(13,093)	1,907	1,907	-
Other Objects	4,000	(159)	3,841	3,564	277
Total Regular Programs - Instruction	<u>2,385,541</u>	<u>(85,384)</u>	<u>2,300,157</u>	<u>2,281,625</u>	<u>18,532</u>
Resource Room/Center:					
Salaries of Teachers	464,970	(46,767)	418,203	417,890	313
Other Salaries for Instruction	121,722	772	122,494	122,494	-
General Supplies	2,000	(500)	1,500	1,465	35
Textbooks	800	(800)	-		-
Total Resource Room/Center	<u>589,492</u>	<u>(47,295)</u>	<u>542,197</u>	<u>541,849</u>	<u>348</u>

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 3 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Preschool Disabilities-Part time					
Salaries-Teachers		3,784	3,784	3,657	127
Other Salaries for Instruction		2,941	2,941	1,456	1,485
General Supplies		250	250	249	1
Total Preschool Disabilities-Part time	-	6,975	6,975	5,362	1,613
Total Special Education - Instruction	589,492	(40,320)	549,172	547,211	1,961
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	66,005	-	66,005	65,623	382
General Supplies	1,200	152	1,352	1,351	1
Total Basic Skills/Remedial - Instruction	67,205	152	67,357	66,974	383
Other Instructional Programs:					
School Sponsored Co-Curricular Activities - Instruction:					
Salaries		7,340	7,340	7,340	-
Total School Sponsored Co-Curricular Activities - Instr.	-	7,340	7,340	7,340	-
Supplemental At Risk Programs					
Salaries		9,261	9,261	9,260	1
Supplies and Materials		7,952	7,952	4,294	3,658
Total School Sponsored Athletics - Instruction	-	17,213	17,213	13,554	3,659
Total Other Instructional Programs	-	24,553	24,553	20,894	3,659
Total Instruction	3,042,238	(100,999)	2,941,239	2,916,704	24,535

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Private Schools within State	47,516		98,083	82,681	15,402
Total Undistributed Expenditures - Instruction	<u>47,516</u>	<u>50,567</u>	<u>98,083</u>	<u>82,681</u>	<u>15,402</u>
Attendance and Social Work					
Salaries	20,342	306	20,648	20,647	1
Health Services:					
Salaries	74,965	1,497	76,462	76,341	121
Purchased Professional - Educational Services	2,000	(1,100)	900	900	0
Other Purchased Services	100	-	100	100	0
Supplies and Materials	1,000	300	1,300	924	376
Total Health Services	<u>78,065</u>	<u>697</u>	<u>78,762</u>	<u>77,265</u>	<u>1,497</u>
Other Support Services - Student - Related Services:					
Salaries	122,128	(19,181)	102,947	102,946	1
Purchased Professional - Educational Services	69,875	7,290	77,165	34,052	43,113
Supplies and Materials	3,000	-	3,000	2,535	465
Total Other Support Services - Student - Related Services	<u>195,003</u>	<u>(11,891)</u>	<u>183,112</u>	<u>139,533</u>	<u>43,579</u>
Other Support Services - Student - Extra Services:					
Other Salaries for Instruction	19,285	28,315	47,600	47,599	1
Supplies and Materials		1,475	1,475	1,475	-
Total Other Support Services - Student - Extra Services	<u>19,285</u>	<u>29,790</u>	<u>49,075</u>	<u>49,074</u>	<u>1</u>

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 5 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	52,175	-	52,175	52,175	-
Supplies and Materials	1,500	-	1,500	939	561
Total Other Support Services - Student Regular	53,675	-	53,675	53,114	561
Other Support Student - Special:					
Salaries of Other Professional Staff	207,308	7,994	215,302	211,359	3,943
Salaries of Secretarial & Clerical	31,216	467	31,683	31,682	1
Purchased Professional-Educational Services	5,000	649	5,649	4,398	1,251
Other Purchased Services	3,300	123	3,423	3,423	-
Miscellaneous Purchased Services	1,000	(635)	365	54	311
Supplies and Materials	8,000	(568)	7,432	7,432	-
Other Objects	3,500	(2,000)	1,500	1,417	83
Total Other Support Student - Special	259,324	6,030	265,354	259,765	5,589
Improvement of Instructional Services:					
Salaries of Supervisors	6,879	(879)	6,000	6,000	-
Educational Media/School Library:					
Salaries	80,845	-	80,845	80,845	-
Salaries-Technical Coordinators	20,720	889	21,609	21,608	1
Purchased Professional-Technical Services	1,900	(78)	1,822	1,797	25
Other Purchased Services	2,600	2,361	4,961	4,960	1
Supplies & Materials	4,150	(3,361)	789	288	501
Other Objects	500	(500)	-	-	-
Total Educational Media/Library	110,715	(689)	110,026	109,498	528

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Instructional Staff Training Services:					
Purchased Professional/Technical Services	12,000	1,635	13,635	13,589	46
Other Purchased Services	12,000	553	12,553	12,546	7
Supplies and Materials	800	-	800	468	332
Total Instructional Staff Training Services	24,800	2,188	26,988	26,603	385
Support Services - General Administration:					
Salaries	137,363	947	138,310	138,310	-
Legal Services	60,000	25,600	85,600	85,079	521
Audit Fees	8,700	(200)	8,500	8,500	-
Other Purchased Professional Services	5,000	(1,801)	3,199	3,199	-
Purchased Technical Services	5,000	5,737	10,737	10,737	-
Communications/Telephone	29,000	(9,245)	19,755	16,588	3,167
BOE Other Purchased Services	1,000	-	1,000	11	989
Other Purchased Services	36,210	(2,511)	33,699	31,738	1,961
General Supplies	8,800	516	9,316	9,316	-
Judgments	20,000	131,240	151,240	151,239	1
Miscellaneous Expenditures	10,000	(4,000)	6,000	4,023	1,977
BOE Membership Dues and Fees	4,500	(294)	4,206	4,206	-
Total Support Services - General Administration	325,573	145,989	471,562	462,946	8,616
Support Services - School Administration:					
Salaries of Principals/Vice Principals	135,056	(7,520)	127,536	127,150	386
Salaries of Secretarial & Clerical	15,347	230	15,577	15,576	1
Other Purchased Services	200	(97)	103	103	-
Supplies and Materials	1,000	69	1,069	1,069	-
Total Support Services - School Administration	151,603	(7,318)	144,285	143,795	490

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Central Services:					
Salaries	197,909	501	198,410	198,409	1
Purchased Technical Services	5,500	3,292	8,792	8,543	249
Other Purchased Services	4,100	-	4,100	1,955	2,145
Supplies and Materials	5,700	(2,562)	3,138	3,138	-
Miscellaneous	5,000	1,623	6,623	6,473	150
Total Central Services	<u>218,209</u>	<u>2,854</u>	<u>221,063</u>	<u>218,518</u>	<u>2,545</u>
Administrative Information Technology:					
Salaries	38,480	577	39,057	38,479	578
Allowable Maintenance For School Facilities:					
Cleaning, Repairs and Maintenance	56,000	(1,758)	54,242	54,241	1
General Supplies	24,000	-	24,000	22,832	1,168
Other Objects	800	-	800	562	238
Total Allowable Maintenance For School Facilities	<u>80,800</u>	<u>(1,758)</u>	<u>79,042</u>	<u>77,635</u>	<u>1,407</u>
Other Operations and Maintenance Of Plant:					
Salaries	211,578	(4,843)	206,735	199,351	7,384
Other Salaries	30,133	(2,557)	27,576	25,873	1,703
Other Purchased Services	35,000	(124)	34,876	12,908	21,968
Insurance	27,500	(979)	26,521	26,521	-
Miscellaneous Purchased Services	200	-	200	-	200
Supplies	2,000	-	2,000	1,987	13
Energy (Heat & Electricity)	111,000	(7,506)	103,494	102,079	1,415
Energy-Natural Gas	111,000	(39,670)	71,330	63,733	7,597
Other Objects	1,000	(393)	607	218	389
Total Other Operations and Maintenance Of Plant	<u>529,411</u>	<u>(56,072)</u>	<u>473,339</u>	<u>432,670</u>	<u>40,669</u>

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Supplies	11,000	(5,485)	5,515	5,515	-
Total Care and Upkeep of Grounds	3,700	8,590	12,290	12,290	-
	14,700	3,105	17,805	17,805	-
Security:					
Salaries	7,993	(893)	7,100	7,100	-
Student Transportation:					
Contracted Services Home/School - Vendors	4,400	3,026	7,426	6,718	708
Contracted Services Home/School - Joint Agreement	43,000	(2,870)	40,130	40,129	1
Contracted Services Special Education - Vendors	43,000	11,218	54,218	51,042	3,176
Total Student Transportation	90,400	11,374	101,774	97,889	3,885
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	85,168	(11,500)	73,668	73,603	65
TPAF Contributions - ERIP	69,000	13,261	82,261	82,261	-
Workmen's Compensation	51,000	(4,524)	46,476	46,476	-
Health Benefits	1,042,339	(57,138)	985,201	967,373	17,828
Tuition Reimbursement	6,326	-	6,326	2,593	3,733
Other Employee Benefits	112,547	(13,077)	99,470	87,636	11,834
Total Unallocated Benefits - Employee Benefits	1,366,380	(72,978)	1,293,402	1,259,942	33,460
On Behalf TPAF Pension Contributions (Non-Budgeted)				237,087	(237,087)
On Behalf TPAF Social Security Contr. (Non-Budgeted)				247,059	(247,059)
Total Undistributed Expenditures	3,639,153	100,999	3,740,152	4,065,105	(324,953)

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital Outlay:					
Interest to Capital Reserve	10	(10)			-
Equipment-School Facilities	15,822	-	15,822	5,586	(5,586)
Facilities Construction Services	15,832	(10)	15,822	15,822	-
Total Capital Outlay	<u>15,832</u>	<u>(10)</u>	<u>15,822</u>	<u>21,408</u>	<u>(5,586)</u>
Education Jobs-Special Reading-Salaries		12,789	12,789	12,789	-
Total Expenditures	<u>6,697,223</u>	<u>12,779</u>	<u>6,710,002</u>	<u>7,016,006</u>	<u>(306,004)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(4,991)</u>	<u>10</u>	<u>(4,981)</u>	<u>271,495</u>	<u>276,476</u>
Other Financing Sources (Uses)					
Transfer to Cover Deficit - Food Service	(15,335)	-	(15,335)	(15,239)	96
Total Other Financing Sources (Uses)	<u>(15,335)</u>	<u>-</u>	<u>(15,335)</u>	<u>(15,239)</u>	<u>96</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(20,326)</u>	<u>10</u>	<u>(20,316)</u>	<u>256,256</u>	<u>276,572</u>
Fund Balance July 1	<u>310,693</u>	<u>-</u>	<u>310,693</u>	<u>310,693</u>	<u>-</u>
Fund Balance June 30	<u>\$ 290,367</u>	<u>10</u>	<u>290,377</u>	<u>566,949</u>	<u>276,572</u>

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 10

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Reserve for Encumbrances				\$ 1,300	
Excess Surplus				202,697	
Excess Surplus - Designated for Subsequent Year's Expenditures				12,052	
Maintenance Reserve				50,000	
Unrestricted Fund Balance				292,751	
Unrestricted Fund Balance - Designated for Subsequent Year's Expenditures				8,149	
				<u>566,949</u>	
Reconciliation to Governmental Fund Statements (GAAP):					
Final State Aid Payments Not Recognized on GAAP Basis				<u>(2,314)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 564,635</u>	

SHREWSBURY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-2

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ -	10,676	10,676	9,821	855
Federal Sources	<u>122,361</u>	<u>66,260</u>	<u>188,621</u>	<u>187,356</u>	<u>1,265</u>
Total Revenues	<u>\$ 122,361</u>	<u>76,936</u>	<u>199,297</u>	<u>197,177</u>	<u>2,120</u>
Expenditures:					
Instruction:					
Tuition	77,656	(6,397)	71,259	71,259	
Textbooks		2,046	2,046	1,324	722
General Supplies		3,944	3,944	3,944	
Total Instruction	<u>77,656</u>	<u>(407)</u>	<u>77,249</u>	<u>76,527</u>	<u>722</u>
Support Services:					
Purchased Professional Educational Services	44,705	77,343	122,048	120,650	1,398
Total Support Services	<u>44,705</u>	<u>77,343</u>	<u>122,048</u>	<u>120,650</u>	<u>1,398</u>
Total Expenditures	<u>\$ 122,361</u>	<u>76,936</u>	<u>199,297</u>	<u>197,177</u>	<u>2,120</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 7,287,501	197,177
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	38,596	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(2,314)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 7,323,783</u>	<u>197,177</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 7,016,006	197,177
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 7,016,006</u>	<u>197,177</u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

SHREWSBURY SCHOOL DISTRICT

Exhibit E-1
Sheet 1 of 2

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Title IIA	I.D.E.A.		IDEA ARRA	
		Basic	Preschool	Basic	Preschool
Revenues:					
State Sources	\$ -				
Federal Sources	8,628	115,120	5,584	54,080	3,944
Total Revenues	<u>\$ 8,628</u>	<u>115,120</u>	<u>5,584</u>	<u>54,080</u>	<u>3,944</u>
Expenditures:					
Instruction:					
Textbooks	\$ -				
Tuition					
General Supplies		71,259			
Total Instruction	<u>-</u>	<u>71,259</u>	<u>-</u>	<u>-</u>	<u>3,944</u>
Support Services:					
Purchased Professional and Technical Services	8,628	43,861	5,584	54,080	
Total Support Services	<u>8,628</u>	<u>43,861</u>	<u>5,584</u>	<u>54,080</u>	<u>-</u>
Total Expenditures	<u>\$ 8,628</u>	<u>115,120</u>	<u>5,584</u>	<u>54,080</u>	<u>3,944</u>

SHREWSBURY SCHOOL DISTRICT

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Ch 193								
	Corrective	Exam and	Supplementary	Non-Public	Non-Public	Non-Public	Non-Public	Totals	
	Speech	Classification	Instruction	Nursing	Textbooks	Nursing	Textbooks	2011	
Revenues:									
State Sources	2,191	3,667	347	2,292	1,324	2,292	1,324	9,821	
Federal Sources								187,356	
Total Revenues	2,191	3,667	347	2,292	1,324	2,292	1,324	197,177	
Expenditures:									
Instruction:									
Textbooks					1,324			1,324	
Tuition								71,259	
General Supplies								3,944	
Total Instruction	-	-	-	-	1,324	-	1,324	76,527	
Support Services:									
Purchased Professional and Technical Services	2,191	3,667	347	2,292				120,650	
Total Support Services	2,191	3,667	347	2,292	-	2,292	-	120,650	
Total Expenditures	2,191	3,667	347	2,292	1,324	2,292	1,324	197,177	

CAPITAL PROJECTS FUND – F

SHREWSBURY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF PROJECT EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2011

<u>Issue/Project Title</u>	<u>Approval Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
			<u>Prior Year</u>	<u>Current Year</u>	
Replacement Generator Project	7/2/2009	\$ 168,400	158,226	-	10,174
		\$ 168,400	158,226	-	10,174

SHREWSBURY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-2

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2011

Revenues

Local Share - Budget Appropriation
State Share - FEC Grant
Total Revenues

\$ -

-

Expenditures

Required Maintenance of School Facilities
Total Expenditures

-

Excess (Deficiency) of Revenues Over (Under) Expenditures

10,174

Fund Balance - Beginning

-

Fund Balance - Ending

\$ 10,174

SHREWSBURY SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISADDITION TO ELEMENTARY SCHOOLSFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Local Share - Budget Appropriation	\$ 101,040		101,040	101,040
State Share - FEC Grant	\$ 67,360		67,360	67,360
Total Revenues	<u>168,400</u>	<u>-</u>	<u>168,400</u>	<u>168,400</u>
<u>Expenditures and Other Financing Uses</u>				
Required Maintenance of School Facilities	<u>158,226</u>		<u>158,226</u>	<u>158,226</u>
Total Expenditures	<u>158,226</u>	<u>-</u>	<u>158,226</u>	<u>158,226</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 10,174</u>	<u>-</u>	<u>10,174</u>	<u>10,174</u>
<u>Additional Project Information</u>				
Bond Authorization Date		7/2/2009		
Original Authorized Cost		\$168,400		
Percentage Increase Over Original Authorized Cost		N/A		
Percentage Completion		94%		
Original Target Completion Date		11/15/2010		
Revised Target Completion Date		11/15/2010		

PROPRIETARY FUNDS – G

SCHEDULE OF NET ASSETS

Exhibit G-1

ENTERPRISE FUNDSJUNE 30, 2011

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Food Service Fund</u>	<u>Tuition Fund</u>	
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 22,429	1,567	23,996
Total Current Assets	<u>22,429</u>	<u>1,567</u>	<u>23,996</u>
Noncurrent Assets:			
Equipment	33,058		33,058
Less: Accumulated Depreciation	<u>(33,058)</u>		<u>(33,058)</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 22,429</u>	<u>1,567</u>	<u>23,996</u>
<u>Net Assets</u>			
Unrestricted	<u>\$ 22,429</u>	<u>1,567</u>	<u>23,996</u>
Total Net Assets	<u>\$ 22,429</u>	<u>1,567</u>	<u>23,996</u>

SCHEDULE OF REVENUES, EXPENSES AND CHANGESIN FUND NET ASSETSENTERPRISE FUNDSJUNE 30, 2011

	Enterprise Funds		Totals
	Food Service Fund	Tuition Fund	
Operating Revenues:			
Local Sources:			
Daily Sales Reimbursable Programs:			
School Lunch Program	\$ 14,379		14,379
Miscellaneous	3,870		3,870
Tuition		55,005	55,005
Total Operating Revenue	<u>18,249</u>	<u>55,005</u>	<u>73,254</u>
Operating Expenses:			
Cost of Sales	14,619		14,619
Depreciation	606		606
Miscellaneous	11,122		11,122
Salaries	15,239		15,239
Tuition Reimbursements		54,143	54,143
Total Operating Expenses	<u>41,586</u>	<u>54,143</u>	<u>95,729</u>
Operating Income (Loss)	(23,337)	862	(22,475)
Non-Operating Revenues:			
Board Contribution	15,239		15,239
Interest		5	5
Total Non-Operating Revenues	<u>15,239</u>	<u>5</u>	<u>15,244</u>
Change in Net Assets	(8,098)	867	(7,231)
Net Assets, July 1	<u>30,527</u>	<u>700</u>	<u>31,227</u>
Net Assets, June 30	<u>\$ 22,429</u>	<u>1,567</u>	<u>23,996</u>

SCHEDULE OF CASH FLOWS

Exhibit G-3

ENTERPRISE FUNDSJUNE 30, 2011

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Food Service Fund</u>	<u>Tuition Fund</u>	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 18,249	55,005	73,254
Payments to Employees	(15,239)	(73,895)	(89,134)
Payments to Suppliers & Miscellaneous	(25,751)		(25,751)
Net Cash Used by Operating Activities	<u>(22,741)</u>	<u>(18,890)</u>	<u>(41,631)</u>
Cash Flows from Noncapital Financing Activities:			
Board Contribution	15,239	-	15,239
Net Cash Provided by Noncapital Financing Activities	<u>15,239</u>	<u>-</u>	<u>15,239</u>
Cash Flows from Investing Activities:			
Interest		5	5
Net Cash Provided by Investing Activities	<u>-</u>	<u>5</u>	<u>5</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(7,502)	(18,885)	(26,387)
Cash and Cash Equivalents July 1	<u>29,931</u>	<u>20,452</u>	<u>50,383</u>
Cash and Cash Equivalents June 30	<u>\$ 22,429</u>	<u>1,567</u>	<u>23,996</u>
Cash Flows from Operating Activities:			
Operating Income (Loss)	\$ (23,337)	862	(22,475)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:			
Depreciation	606		606
(Increase)/Decrease in Accounts Payable	(10)	(19,752)	(19,762)
Net Cash Used by Operating Activities	<u>\$ (22,741)</u>	<u>(18,890)</u>	<u>(41,631)</u>

FIDUCIARY FUND – H

BOROUGH OF SHREWSBURY SCHOOL DISTRICT

Exhibit H-1

TRUST AND AGENCY FUND

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AS OF JUNE 30, 2011

	<u>Net Payroll</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Unemployment Compensation Expendable Trust</u>	<u>Total 2011</u>
Assets:					
Cash and Cash Equivalents	\$ 1,329	47,958	107,507	7,874	164,668
Total Assets	\$ 1,329	47,958	107,507	7,874	164,668
Liabilities and Fund Balances:					
Liabilities:					
Payroll Deductions and Withholdings Due to Student Groups	\$ -	47,958	107,507		107,507
Net Salary Accumulation	1,329				47,958
Total Liabilities	\$ 1,329	47,958	107,507		156,794
Net Assets:					
Reserved - Unemployment Benefits				7,874	7,874
Total Net Assets				7,874	7,874

BOROUGH OF SHREWSBURY SCHOOL DISTRICT

Exhibit H-3

STUDENT ACTIVITY AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Elementary Schools: Shrewsbury	\$ 51,119	101,343	104,504	47,958

BOROUGH OF SHREWSBURY SCHOOL DISTRICT

PAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Assets:				
Cash and Cash Equivalents	<u>\$ 136,893</u>	<u>2,073,529</u>	<u>2,102,915</u>	<u>107,507</u>
Total Assets	<u><u>\$ 136,893</u></u>	<u><u>2,073,529</u></u>	<u><u>2,102,915</u></u>	<u><u>107,507</u></u>
Liabilities:				
Payroll Deductions, Withholdings	<u>\$ 136,893</u>	<u>2,073,529</u>	<u>2,102,915</u>	<u>107,507</u>
Total Liabilities	<u><u>\$ 136,893</u></u>	<u><u>2,073,529</u></u>	<u><u>2,102,915</u></u>	<u><u>107,507</u></u>

LONG-TERM DEBT – I

SHREWSBURY SCHOOL DISTRICT

Exhibit I-1

GENERAL LONG-TERM DEBT ACCOUNT GROUP

SCHEDULE OF SERIAL BONDS PAYABLE

JUNE 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>	
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds of 1998	8/15/98	\$2,655,000	8/15/11	230,000	4.50% - 4.75%	\$ 1,500,000	225,000	1,275,000	
			8/15/12	245,000					
			8/15/13	255,000					
			8/15/14	265,000					
			8/15/15	280,000					
	School Improvements	2/15/02	3,644,000	2/15/12	165,000	4.50% - 5.00%	2,729,000	155,000	2,574,000
				2/15/13	170,000				
				2/15/14	180,000				
				2/15/15	190,000				
				2/15/16	200,000				
				2/15/17	205,000				
				2/15/18	215,000				
				2/15/19	225,000				
			2/15/20	240,000					
			2/15/21	250,000					
		2/15/22	260,000						
		2/15/23	274,000						
						\$ 4,229,000	380,000	3,849,000	

SHREWSBURY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	579,536		579,536	579,536	
Total Revenues	<u>579,536</u>	<u>-</u>	<u>579,536</u>	<u>579,536</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	199,536		199,536	199,535	1
Redemption of Principal	380,000		380,000	380,000	
Total Expenditures	<u>579,536</u>	<u>-</u>	<u>579,536</u>	<u>579,535</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	1
Fund Balance July 1					
Fund Balance June 30					
<u>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Budgeted Fund Balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATISTICAL SECTION

(Unaudited)

SHREWSBURY SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
UNAUDITED

J-1

	2011	2010	2009	2008	2007	2006	2005
Governmental Activities							
Invested in Capital Assets, net of related Debt	\$ 2,645,514	1,918,828	1,941,807	1,842,225	1,776,958	1,712,549	1,559,671
Restricted	284,372	42,552	161,403	263,802	138,174	86,738	301,063
Unrestricted	(104,562)	239,719	69,109	(19,871)	103,896	87,084	10,372
Total Governmental Activities	<u>\$ 2,825,324</u>	<u>2,201,099</u>	<u>2,172,319</u>	<u>2,086,156</u>	<u>2,019,028</u>	<u>1,886,371</u>	<u>1,871,106</u>
Business Type Activities							
Invested in Capital Assets, net of related Debt	\$ -	606	1,653	2,700	4,794	6,887	8,982
Unrestricted	23,996	29,921	37,150	44,175	42,164	43,097	43,044
Total Business Type Activities	<u>\$ 23,996</u>	<u>30,527</u>	<u>38,803</u>	<u>46,875</u>	<u>46,958</u>	<u>49,984</u>	<u>52,026</u>
District-wide							
Invested in Capital Assets, net of related Debt	\$ 2,645,514	1,919,434	1,943,460	1,844,925	1,781,752	1,719,436	1,568,653
Restricted	284,372	42,552	161,403	263,802	138,174	86,738	301,063
Unrestricted	(80,566)	269,640	106,259	24,304	146,060	130,181	53,416
Total District Assets	<u>\$ 2,849,320</u>	<u>2,231,626</u>	<u>2,211,122</u>	<u>2,133,031</u>	<u>2,065,986</u>	<u>1,936,355</u>	<u>1,923,132</u>

SHREWSBURY SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
UNAUDITED

	2011	2010	2009	2008	2007	2006	2005
Expenses:							
Governmental Activities	\$ 7,636,123	7,927,148	7,657,290	7,656,279	7,328,565	6,753,699	6,409,530
Business Type Activities	95,729	118,772	59,083	49,077	46,440	49,362	43,600
Total District Expenses	<u>7,731,852</u>	<u>8,045,920</u>	<u>7,716,373</u>	<u>7,705,356</u>	<u>7,375,005</u>	<u>6,803,061</u>	<u>6,453,130</u>
Program Revenues:							
Governmental Activities	277,037	188,492	142,897	133,568	136,124	138,434	130,908
Business Type Activities	73,254	95,257	35,868	34,842	31,982	30,644	42,100
Total District Program Revenues	<u>350,291</u>	<u>283,749</u>	<u>178,765</u>	<u>168,410</u>	<u>168,106</u>	<u>169,078</u>	<u>173,008</u>
Net (Expense)							
Governmental Activities	(7,359,086)	(7,738,656)	(7,514,393)	(7,522,711)	(7,192,441)	(6,615,265)	(6,278,622)
Business Type Activities	(22,475)	(23,515)	(23,215)	(14,235)	(14,458)	(18,718)	(1,500)
Total District-wide Net Expense	<u>(7,381,561)</u>	<u>(7,762,171)</u>	<u>(7,537,608)</u>	<u>(7,536,946)</u>	<u>(7,206,899)</u>	<u>(6,633,983)</u>	<u>(6,280,122)</u>
General Revenues and Other Changes in Net Assets:							
Governmental Activities	7,808,223	7,953,564	7,607,413	7,601,486	7,351,683	6,606,412	6,469,699
Business Type Activities	15,244	15,239	15,143	14,152	11,432	14,583	(630)
Total District-wide	<u>7,823,467</u>	<u>7,968,803</u>	<u>7,622,556</u>	<u>7,615,638</u>	<u>7,363,115</u>	<u>6,620,995</u>	<u>6,469,069</u>
Change in Net Assets:							
Governmental Activities	449,137	214,908	93,020	78,775	159,242	(8,853)	191,077
Business Type Activities	(7,231)	(8,276)	(8,072)	(83)	(3,026)	(4,135)	(2,130)
Total District	<u>\$ 441,906</u>	<u>206,632</u>	<u>84,948</u>	<u>78,692</u>	<u>156,216</u>	<u>(12,988)</u>	<u>188,947</u>

SHREWSBURY SCHOOL DISTRICT
FUND BALANCES, GOVERNMENT FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED

J-3

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:							
Reserved	\$ 284,372	32,378	161,398	168,079	157,633	196,490	243,633
Unreserved	292,752	278,315	69,109	236,797	238,556	95,677	127,772
Total General Fund	<u>\$ 577,124</u>	<u>310,693</u>	<u>230,507</u>	<u>404,876</u>	<u>396,189</u>	<u>292,167</u>	<u>371,405</u>
All Other Governmental Funds:							
Unreserved, Reported in:							
Capital Projects Fund	\$ 10,174	10,174	-	-	-	-	50,171
Debt Service Fund	1		5	5	1,931	1,929	7,259
Total All Other Government Funds	<u>\$ 10,175</u>	<u>10,174</u>	<u>5</u>	<u>5</u>	<u>1,931</u>	<u>1,929</u>	<u>57,430</u>

**SHREWSBURY SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Tax Levy	\$7,155,850	6,992,795	6,776,480	6,554,388	6,309,919	5,836,111	5,715,337			
Other Local Revenue	132,595	50,392	29,818	35,759	39,142	24,064	13,053			
State Sources	611,909	931,909	830,805	1,028,832	1,023,693	786,020	760,838			
Federal Sources	200,145	182,212	128,350	129,906	126,485	127,160	126,713			
Total Revenues	8,100,499	8,157,308	7,765,453	7,748,885	7,499,239	6,773,355	6,615,941			
Expenditures										
Instruction:										
Regular	2,294,414	2,603,256	2,449,230	2,270,632	2,226,467	2,083,368	2,018,219			
Special	547,211	651,930	715,463	754,743	687,099	553,519	566,609			
Other	66,974	64,978	54,357	78,815	78,492	76,026	75,157			
School-sponsored/other instructional	20,894	42,814	43,686	44,502	40,060	40,870	39,159			
Total instruction	2,929,493	3,362,978	3,262,736	3,148,692	3,032,118	2,753,783	2,692,144			
Undistributed:										
Instruction/Tuition	82,681	1,500	16,705	137,109	128,029	29,686	29,122			
Support services	741,499	724,137	741,366	664,901	600,799	704,481	564,849			
General Administration	400,792	391,725	367,820	347,705	307,820	266,880	310,363			
School Administration	462,946	437,276	302,811	297,798	491,982	323,444	342,701			
Operations and maintenance	535,210	613,167	681,709	715,878	652,348	588,876	540,766			
Student transportation	97,889	70,005	85,514	84,665	72,648	94,370	89,159			
Unallocated Benefits	1,259,942	1,225,205	1,112,891	956,572	919,652	889,404	744,557			
TPAF Pension & Social Security	484,146	487,172	466,705	667,484	645,616	423,797	374,811			
Total Undistributed	4,065,105	3,950,187	3,775,521	3,872,112	3,617,332	3,320,938	2,996,328			
Capital Outlay:										
Equipment	21,408	18,768			25,178	32,398				
Other										
Total Capital Outlay	21,408	18,768			25,178	32,398				
Total General Fund Expenditures	7,016,006	7,331,933	7,038,257	7,020,804	6,674,628	6,107,119	5,695,472			
Special Revenue:										
Local										
State	9,821	6,280	250	3,662	8,639	13,141	3,905			
Federal	187,356	182,212	129,350	129,906	127,485	127,549	127,003			
Total Special Revenue expenditures	197,177	188,492	142,897	133,568	136,124	140,690	130,908			
Capital Projects Fund Expenditures		158,226			0	52,192	13,198			
Debt Service Expenditures	579,535	576,884	578,287	573,811	578,636	582,840	582,304			
Total Governmental Fund Expenditures	7,792,718	8,255,535	7,759,441	7,728,183	7,389,388	6,882,841	6,421,882			
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	307,781	(98,227)	6,012	20,702	109,851	(109,486)	194,059			
Other Financing Sources (Uses)	(15,239)	(15,252)	(15,143)	(13,831)	(11,432)	(20,648)	(15,334)			
Net Change in Fund Balance	\$ 292,542	(113,479)	(9,131)	6,871	98,419	(130,134)	178,725			

Source: District records

SHREWSBURY SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

J-5

	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 46,801		14,715	61,516
2003	32,433	-	8,739	41,172
2004			36,419	36,419
2005			12,763	12,763
2006			21,426	21,426
2007		32,311	5,831	38,142
2008		19,340	16,419	35,759
2009		4,411	25,407	29,818
2010	44,171	1,725	4,496	50,392
2011	79,860	581	52,154	132,595

Source: District records

For years 2001 to 2006 interest is included in Miscellaneous

SHREWSBURY BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Estimated Full Cash Valuations	Less: Tax Exempt Property	Public Utilities	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized) Value
2002								628,714,323			451,874,073	1.020	71.87%
2003								786,763,315			786,763,315	0.686	100.00%
2004								756,796,646			791,987,690	0.722	104.65%
2005	8,101,300	500,826,900	778,700	10,900	284,952,800			856,976,966			791,332,531	0.738	92.34%
2006	6,469,400	511,903,900	778,700	10,900	286,794,000			860,916,634			796,254,400	0.792	92.49%
2007	5,154,200	517,858,900	778,700	10,900	286,898,200			1,109,817,465			807,423,411	0.809	72.75%
2008	7,693,000	522,019,400	778,700	10,900	281,708,500			1,252,140,893			812,138,583	0.860	64.86%
2009	7,668,100	518,386,500	914,500	10,900	279,625,900			1,181,642,916			813,679,312	0.885	68.86%
2010	7,542,600	517,700,300	914,500	5,200	264,051,000			N/A			808,166,606	0.885	N/A
2011								N/A			791,587,495	0.920	N/A

Source: District Records, Monmouth County Tax Assessor, Municipal Tax Assessor.

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation.

- a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b. Tax rates are per \$100

SHREWSBURY BOROUGH SCHOOL DISTRICT

J-7

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(Rate per \$100 of Assessed Value)

<u>Fiscal Year Ended June 30,</u>	<u>Shrewsbury School</u>	<u>Red Bank Regional School</u>	<u>Total Direct</u>	<u>Borough of Shrewsbury</u>	<u>Monmouth County</u>	<u>Total Direct and Overlapping Tax Rate</u>
2002	\$ 1.020	0.570	1.590	0.945	0.610	3.145
2003	0.686	0.360	1.046	0.573	0.362	1.981
2004	0.722	0.376	1.098	0.610	0.357	2.065
2005	0.738	0.401	1.139	0.650	0.363	2.152
2006	0.792	0.423	1.215	0.679	0.373	2.267
2007	0.809	0.452	1.261	0.714	0.381	2.356
2008	0.835	0.511	1.346	0.745	0.373	2.464
2009	0.860	0.540	1.400	0.745	0.409	2.554
2010	0.885	0.570	1.455	0.776	0.403	2.634
2011	0.920	0.591	1.511	0.802	0.396	2.709

SHREWSBURY BOROUGH SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS,

J-8

CURRENT YEAR AND NINE YEARS AGO

<u>Block</u>	<u>Lot</u>	<u>Owner Name</u>	<u>Assessed Value</u>	<u>% of Assessed Value</u>
38	4	Route 35 Shrewsbury (The Grove)	31,564,100	27.50%
31	1	Marzulla, Allen Brown National Real	25,000,000	21.78%
30	8.01	Bal Sycamore LLC Brandywine SL	9,347,300	8.14%
31	4	Execen Limited Partnership	9,213,100	8.03%
3	4	555 Shrewsbury Avenue, LLC	7,277,200	6.34%
70.01	5.01	Meridian Nursing & Rehabilitation	7,216,000	6.29%
31	3	SBC Holdings c/o National Realty	6,750,000	5.88%
3	11	Shrewsbury Physician Group, LLC	6,669,300	5.81%
3	7	Cap-1,LLC/Patock Construction Co.	6,225,200	5.42%
70.02	2.4A	Richard Bhadurian	5,517,500	4.81%
		Net Valuation	<u>114,779,700</u>	<u>100</u>

SHREWSBURY BOROUGH SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIBLES

J-9

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for The Fiscal Year</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>
2002	\$ 3,966,643	3,966,643	100%	
2003	4,140,044	4,140,044	100%	
2004	4,812,471	4,812,471	100%	
2005	5,133,032	5,133,032	100%	
2006	5,260,529	5,260,529	100%	
2007	5,731,281	5,731,281	100%	
2008	6,052,973	6,052,973	100%	
2009	6,062,973	6,062,973	100%	
2010	6,268,019	6,268,019	100%	
2011	6,268,019	6,268,019	100%	

Source: Municipal Tax Collector, District records including the Certificate and Report of School Taxes (Form A4F).

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

SHREWSBURY BOROUGH SCHOOL DISTRICT

J-10

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Dollars in Thousands, Except Per Capita)

Fiscal Year Ended June 30,	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Business-Type Activities Capital Leases	Total District	Percentage of Personal Income	Per Capita
2002	\$ 146,035	146,285				292,320	14.38%	42,028
2003	295,230	144,363				439,593	9.95%	43,684
2004	439,729	144,150				583,879	7.44%	43,427
2005	438,174					438,174	10.05%	44,055
2006	582,839					582,839	7.65%	44,591
2007	578,636					578,636	7.81%	45,201
2008	571,884					571,884	8.67%	49,633
2009	578,287					578,287	7.85%	45,379
2010	576,884					576,884	8.41%	48,535
2011	579,536					579,536	8.18%	47,425

SHREWSBURY BOROUGH SCHOOL DISTRICT

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

J-11

LAST TEN FISCAL YEARS

(Dollars in Thousands, Except Per Capita)

<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>
2002	\$ 146,035		146,035	0.03%	42,028
2003	295,230		295,230	0.04%	43,684
2004	439,729		439,729	0.06%	43,427
2005	438,174		438,174	0.06%	44,055
2006	582,839		582,839	0.07%	44,591
2007	578,636		578,636	0.08%	45,201
2008	571,884		571,884	0.09%	49,633
2009	578,287		578,287	0.08%	45,379
2010	576,883		576,883	0.08%	48,535
2011	579,536		579,536	0.08%	47,425

SHREWSBURY BOROUGH SCHOOL DISTRICT

RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

J-12

AS OF JUNE 30, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Shrewsbury Borough (as of December 31, 2010)	9,156,738		9,156,738
Monmouth County (Shrewsbury Share)			N/A
Other Debt			N/A
Subtotal, Overlapping Debt			<u>9,156,738</u>
Shrewsbury Borough School District Debt (as of December 31, 2010)			<u>4,004,000</u>
			<u><u>13,160,738</u></u>

Sources: Shrewsbury Borough Annual Debt Statement, District Records.

LEGAL DEBT MARGIN INFORMATION

J-13

(Dollars in Thousands)

Debt Limit	<u>2010</u> <u>47,567,770</u>
Total Net Debt Applicable to Limit	<u>4,004,000</u>
Legal Debt Margin	<u><u>43,563,770</u></u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.2%

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized Valuation Basis	
2008	1,249,924,298
2009	1,179,509,875
2010	<u>1,138,148,582</u>
Average Equalized Valuation of Taxable Property	<u><u>1,189,194,252</u></u>
Debt Limit (4% of Average)	47,567,770
Net Bonded School Debt	<u>4,004,000</u>
Legal Debt Margin	<u><u>43,563,770</u></u>

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

SHREWSBURY BOROUGH SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

Exhibit J-14

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (Thousands of Dollars) (b)</u>	<u>Per Capita Personal Income ©</u>	<u>Unemployment Rate(d)</u>
2001	3,590	\$ 157,468,170	\$ 43,863	1.4%
2002	3,590	155,759,330	43,387	1.6%
2003	3,689	161,150,276	43,684	2.4%
2004	3,750	174,543,750	46,545	2.4%
2005	3,784	181,904,448	48,072	2.0%
2006	3,717	195,138,783	52,499	1.2%
2007	3,754	209,570,804	55,826	N/A
2008	3,775	216,507,575	57,353	N/A
2009	3,772	206,596,212	54,771	2.4%
2010	N/A		N/A	2.4%

Source:

- (a) Population information provided by the NJ Department of Labor and Workforce Development
- (b) Personal income - Per Capita Income
- © Per Capita for Monmouth County
- (d) Unemployment data provided by the NJ Department of Labor and Workforce Development

SHREWSBURY BOROUGH SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

Exhibit J-15

CURRENT YEAR AND NINE YEARS AGO

2011

Data Not Available

2002

Data Not Available

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

J-16

LAST THREE FISCAL YEARS

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Instruction:			
Regular	39	39	41.0
Special Education	7	8	10.0
Support Services:			
Student & Instruction Related Services	13	13.6	10.0
School Administrative Services	2	2	2.0
General & Business Administrative Services	1	1	1.0
Plant Operations & Maintenance	6	7	9.0
Business & Other Support Services	7	7	6.0
Food Service	3	3	3.5
Total	<u>78.0</u>	<u>80.6</u>	<u>82.5</u>

Source: District Personnel Records

SHREWSBURY BOROUGH SCHOOL DISTRICT

OPERATING STATISTICS

LAST SEVEN FISCAL YEARS

J-17

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADA) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	529	5,826,380	11,014						528	509		
2006	512	6,230,315	12,169	6.00%	1:18	1:18	1:19		512	493	-3.13%	-3.16%
2007	512	6,343,383	12,389	1.80%	1:18	1:18	1:19		510	477	-0.40%	-3.16%
2008	512	7,020,804	13,713	10.69%	1:18	1:18	1:19		510	487	0.00%	1.03%
2009	508	7,038,257	13,855	1.04%	1:19	1:19	1:20		504	497	-1.20%	2.05%
2010	510	7,331,933	14,376	3.76%	1:19	1:19	1:20		506	486	0.39%	-2.22%
2011	491	7,016,006	14,289	13.00%	1:19	1:19	1:20		487	467	-0.39%	-0.04%

SHREWSBURY BOROUGH SCHOOL DISTRICT

SCHEDULE OF REQUIRED MAINTENANCE

LAST NINE FISCAL YEARS

J-19

Undistributed Expenditures - Required Maintenance for School Facilities

	<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>	<u>Total</u>
Shrewsbury Borough School	<u>71,820</u>	<u>82,984</u>	<u>82,787</u>	<u>81,636</u>	<u>126,527</u>	<u>144,689</u>	<u>109,683</u>	<u>71,593</u>	<u>77,635</u>	<u>Total</u>
										<u>School</u>
										<u>Facilities</u>
										<u>849,354</u>

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

Source: District records.



New Jersey School Boards Association Insurance Group
Monmouth Ocean Country Shared Services Insurance Fund
 Package Policy Declarations

Policy Number: P807AB

Premium: \$37,677

Named Insured:

Shrewsbury Borough Board of Education
 20 Obre Place
 Shrewsbury, NJ 07702-4124

Agent:

G.R. MURRAY
 707 STATE ROAD
 P.O. BOX 83
 PRINCETON, NJ 08542

Policy Term: 07/01/2010 to 07/01/2011 12:01 AM Eastern Standard Time

Article I - Property

Blanket Real and Personal Property	300,000,000 per occurrence
Blanket Extra Expense	\$50,000,000
Blanket Valuable Papers and Records	\$10,000,000
Demolition and Increased Cost of Construction	\$10,000,000 per occurrence
Loss of Rents	Not Covered
Loss of Business Income/Tuition	Not Covered
Builders' Risk	Not Covered
Fire Department Service Charge	\$10,000
Arson Reward	\$10,000
Pollutant Cleanup and Removal	\$250,000
Fine Arts	Not Covered
Sublimits: Flood Zones Prefix A & V	\$10,000,000 per occurrence \$10,000,000 NJSBAIG annual aggregate
All Other Flood Zones	\$50,000,000 per occurrence/NJSBAIG annual aggregate
Earthquake	\$50,000,000 per occurrence \$50,000,000 NJSBAIG annual aggregate
Terrorism	\$1,000,000 per occurrence \$1,000,000 NJSBAIG annual aggregate
Deductibles:	Real & Personal \$5,000 per occurrence Extra Expense \$5,000 per occurrence Valuable Papers \$5,000 per occurrence
Flood Deductibles:	Zones Prefix A & V \$500,000 per building \$500,000 per building contents All Other Flood Zones \$10,000 per member/per occurrence subject to a maximum retained deductible of \$1,000,000 to NJSBAIG

Article II - Electronic Data Processing

Blanket Hardware/Software		\$155,000 per occurrence
Blanket Extra Expense		Included
Coverage Extensions:	Transit	\$25,000
	Loss of Income	\$10,000
	Terrorism	Included in Property
Deductible		\$1,000 per occurrence
Flood		\$1,000,000 per occurrence
Flood Deductibles	Zones A & V	\$500,000 per building content
	All Other Flood Zones	\$10,000 per member/per occurrence
		subject to a maximum retained deductible of \$1,000,000 to NJSBAIG

Article III - Equipment Breakdown

Combined Single Limit per Accident for Property Damage and Business Income		\$100,000,000
SubLimits:	Property Damage	Included
	Off Premises Property Damage	\$100,000
	Business Income	Included
	Extra Expense	\$10,000,000
	Service Interruption	\$10,000,000
	Perishable Goods	\$500,000
	Data Restoration	\$100,000
	Contingent Business Income	\$100,000
	Demolition	\$1,000,000
	Ordinance or Law	\$1,000,000
	Expediting Expenses	\$500,000
	Hazardous Substances	\$500,000
	Newly Acquired Locations (60 days notice)	\$250,00
	Terrorism	Included
	Interruption of Service Waiting Period 24 Hours	
Deductibles:	\$5,000 per Accident for Property Damage	
	12 Hours per Accident for Business Interruption/Extra Expense	
	Newly Acquired Locations Waiting Period 60 Days	



New Jersey School Boards Association Insurance Group
Monmouth Ocean Country Shared Services Insurance Fund
 Package Policy Declarations

Policy Number: P807AB

Article IV - Crime

Insuring Agreements	Limits	Deductibles
Insuring Agreement 1 - Public Employee Dishonesty with Faithful Performance	\$50,000	\$500
Insuring Agreement 2 - Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	\$25,000	\$500
Insuring Agreement 3 - Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	\$25,000	\$500
Insuring Agreement 4 - Forgery or Alteration	\$25,000	\$500
Insuring Agreement 5 - Computer Fraud	\$25,000	\$500
Public Officials Bond:		
Board Secretary	\$100,000	\$1,000
Treasurer	\$175,000	\$1,000

Article V - Comprehensive General Liability

Bodily Injury and Property Damage	\$11,000,000 Combined Single Limit for Bodily Injury & Property Damage
Bodily Injury from Products and Completed Operations	\$11,000,000 annual aggregate
Sexual Abuse	\$11,000,000 per occurrence \$17,000,000 annual pool aggregate
Personal Injury and Advertising Injury	\$11,000,000 per occurrence \$11,000,000 annual aggregate
Employee Benefits Liability	\$11,000,000 per occurrence/annual aggregate
Employee Benefits Liability Deductible	\$1,000 each claim
Premises Medical Payments	\$10,000 per accident \$5,000 limit per person
Terrorism	\$1,000,000 per occurrence/annual NJSBAIG aggregate



New Jersey School Boards Association Insurance Group
Monmouth Ocean Country Shared Services Insurance Fund
 Package Policy Declarations

Policy Number: P807AB

Article VI - Automobile

Liability

Symbol 1 Any Auto	
Combined Single Limit for Bodily Injury and Property Damage	\$11,000,000 per accident
Symbol 6 Uninsured/Underinsured Motorists - Private Passenger Auto	\$1,000,000 Combined Single Limit
Symbol 6 Uninsured/Underinsured Motorists - All Other Vehicles	\$15,000 Bodily Injury Per Person
	\$30,000 Bodily Injury Per Accident
	\$5,000 Property Damage Per Accident
Symbol 5 Personal Injury Protection (including pedestrians)	\$250,000
Medical Payments	\$10,000 private passenger vehicles
	\$5,000 all other vehicles
Terrorism	\$1,000,000 per occurrence/annual NJSBAIG aggregate
Deductible	\$0

Physical Damage (Scheduled vehicles only)

Symbol 7 Comprehensive	\$1,000 deductible
Collision	\$1,000 deductible
Hired Car Physical Damage \$75,000 Limit	\$1,000 deductible
Replacement Cost	Not Covered

Garage Keepers Included



New Jersey School Boards Association Insurance Group
Monmouth Ocean Country Shared Services Insurance Fund

Workers' Compensation and Employers' Liability Declarations Page

Policy Number: W807AB

Premium: \$46,476

Named Insured:

Shrewsbury Borough Board of Education
 20 Obre Place
 Shrewsbury, NJ 07702-4124

Agent:

G.R. MURRAY
 707 STATE ROAD
 P.O. BOX 83
 PRINCETON, NJ 08542

Policy Term: 07/01/2010 to 07/01/2011 12:01 AM Eastern Standard Time

Estimated Professional & Clerical	\$4,044,999
Estimated Non-Professional & Driver	\$231,075
Experience Modifier	0.8433
NJSBAIG Discount	0.7090

The limits of our liability under Part II, Employers' Liability Agreement are:

Bodily Injury by Accident	\$2,000,000 each accident
Bodily Injury by Disease	\$2,000,000 each employee
Bodily Injury by Disease	\$2,000,000 aggregate limit

Policy Forms: NJSBAIG-W1 (7/03); NJSBAIG-W2
 (7/03)

In witness whereof, the New Jersey School Boards Association Insurance Group has caused this agreement to be signed by its Director.

Martin Kalbach
 NJSBAIG Director



New Jersey School Boards Association Insurance Group
Monmouth Ocean Country Shared Services Insurance Fund
School Leaders Errors & Omissions Liability Policy Declarations

Policy Number: E807AB

Premium: \$7,611

Named Insured:

Shrewsbury Borough Board of Education
20 Obre Place
Shrewsbury, NJ 07702-4124

Agent:

G.R. MURRAY
707 STATE ROAD
P.O. BOX 83
PRINCETON, NJ 08542

Policy Term: July 1, 2010 to July 1, 2011 12:01 AM Eastern Standard Time

Coverage A

Limit of Liability
Deductible

\$11,000,000 each policy period
\$5,000 each claim

Coverage B

Limit of Liability
Deductible

\$100,000 each claim
\$300,000 each policy period
\$5,000 each claim

This is a claims-made and reported policy. By acceptance of this policy, the Insured agrees that the statements in the Declarations and the application and any attachments hereto are the Insured's agreements and representations and that this policy embodies all agreements existing between the Insured and the Company or any of its agents relating to this insurance.

Retroactive Dates for Coverages A & B

It is agreed that notwithstanding any provision of the policy to the contrary, this policy does not apply, as respects Coverages A & B, to claims made against the Insured arising out of a single act, error, omission, misstatement or misleading statement which occurred prior to:

Retro Date for Coverage A	July 1, 1986
Retro Date for Coverage A Higher Limits	July 1, 2007
Retro Date for Coverage B	July 1, 1986

Policy Forms: NJSBAIG-E1 (7/10)

In witness whereof, the New Jersey School Boards Association Insurance Group has caused this agreement to be signed by its Director.

Martin Kalbach
NJSBAIG Director

New Jersey School Boards Association Insurance Group



Public Official Bond

Number P807AB

Know all men by these present that we, Loretta Hill of 508 7th Avenue, Belmar, NJ 07719, in the state of New Jersey as principal and the New Jersey School Boards Association Insurance Group, a self-insured pool, duly organized and existing under and by the virtue of the laws of the State of New Jersey, and authorized to become sole Surety on bonds in the State of New Jersey as Surety, and held and firmly bound unto Shrewsbury Borough Board of Education in the State of New Jersey, in the penal sum of \$175,000, lawful money of the United States, for payment of which will truly be made, said Principal binds himself/herself, its successors and assigns, jointly and severally, firmly by these present, the liability of Surety, however being limited to the penal amount above regardless of the number of years this bond remains in force or the number of premiums paid.

Whereas the said Principal has been appointed to the office of Treasurer. The term for this bond begins July 1, 2010 and ends July 1, 2011, and is required to furnish the bond for the faithful performance of the duties of said position.

Now, therefore the conditions of this obligation is such that if the above bounden Principal shall (except as hereafter provided) faithfully perform the duties of his/her position during the said term, and shall pay over to the persons authorized by law to receive the same, all moneys and may come into his/her hands during the said term without fraud or delay, and at the expiration of said term, or in the case of his/her resignation or removal from his/her position shall turn over to his/her successors all records and property which have come into his/her hands, then this obligation to be null and void.

Provided, however, that the above named Surety shall not be liability hereunder for any loss or public fund resulting from the insolvency of any bank or banks in which said funds are deposited, and if this provision shall be held void, this entire bond shall be void.

And provided further, that the Surety may cancel this bond at any time during the said term by giving to the Obligee a written notice of its desire to so cancel and at the expiration of thirty (30) days from the receipt of such notice by the Obligee the Surety shall be completely released as to all liability thereafter accruing. If this provision shall be held void, this entire bond shall be void.

Signed this day of July 1st, 2010

By [Signature], Principal

Martin Kalbach
Martin Kalbach, NJSBAIG Director



New Jersey School Boards Association Insurance Group

Public Official Bond

Number P807AB

Know all men by these present that we, Debora Avento of 10 Asbury Avenue, Freehold, NJ 07728, in the state of New Jersey as principal and the New Jersey School Boards Association Insurance Group, a self-insured pool, duly organized and existing under and by the virtue of the laws of the State of New Jersey, and authorized to become sole Surety on bonds in the State of New Jersey as Surety, and held and firmly bound unto Shrewsbury Borough Board of Education in the State of New Jersey, in the penal sum of \$100,000, lawful money of the United States, for payment of which will truly be made, said Principal binds himself/herself, its successors and assigns, jointly and severally, firmly by these present, the liability of Surety, however being limited to the penal amount above regardless of the number of years this bond remains in force or the number of premiums paid.

Whereas the said Principal has been appointed to the office of Board Secretary. The term for this bond begins July 1, 2010 and ends July 1, 2011, and is required to furnish the bond for the faithful performance of the duties of said position.

Now, therefore the conditions of this obligation is such that if the above bounden Principal shall (except as hereafter provided) faithfully perform the duties of his/her position during the said term, and shall pay over to the persons authorized by law to receive the same, all moneys and may come into his/her hands during the said term without fraud or delay, and at the expiration of said term, or in the case of his/her resignation or removal from his/her position shall turn over to his/her successors all records and property which have come into his/her hands, then this obligation to be null and void.

Provided, however, that the above named Surety shall not be liability hereunder for any loss or public fund resulting from the insolvency of any bank or banks in which said funds are deposited, and if this provision shall be held void, this entire bond shall be void.

And provided further, that the Surety may cancel this bond at any time during the said term by giving to the Obligee a written notice of its desire to so cancel and at the expiration of thirty (30) days from the receipt of such notice by the Obligee the Surety shall be completely released as to all liability thereafter accruing. If this provision shall be held void, this entire bond shall be void.

Signed this day of July 19 2010

By _____, Principal

Martin Kalbach
Martin Kalbach, NJSBAIG Director

SCHEDULES OF FINANCIAL ASSISTANCE

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Schedule A
K-3

Department of Education Project/Title	Federal C.F.D.A. Number	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2011	
				From	To				(Accounts Receivable)	Deferred Revenue
U.S. Department of Education: Passed Through State Department of Education:										
General Fund:										
Education Jobs Act	84..410A		\$ 12,789					(12,789)	(12,789)	
Total General Fund								(12,789)	(12,789)	
Special Revenue Fund:										
Title II A	84.367A									
IDEA Basic	84.027		8,628	9/1/2010	8/31/2011		8,628	(8,628)		
IDEA Basic	84.027		116,385	9/1/2010	8/31/2011		78,819	(115,120)	(36,301)	
IDEA Basic	84.027		116,915	9/1/2009	8/31/2010	(39,488)	39,488			
IDEA Preschool	84.173		114,517	9/1/2007	8/31/2008	1,697				1,697
IDEA Basic-ARRA	84.391		5,584	9/1/2010	8/31/2011	(40,688)	5,584	(5,584)		
IDEA-Preschool-ARRA	84.392		108,955	9/1/2009	8/31/2011		94,768	(54,080)		
Total Special Revenue Fund			3,944	9/1/2009	8/31/2011		3,944	(3,944)	(36,301)	1,697
							231,231	(187,356)		
Total Federal Financial Assistance			\$			(78,479)	231,231	(200,145)	(49,090)	1,697

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

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

Schedule B
K-4

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2011 (Accounts Receivable)	Due to Grantor	MEMO	
			From	To							Budgetary Receivable	Total Cumulative Expenditures
General Fund:												
Special Education Aid	11-495-034-5120-089	38,908	7/1/2010	6/30/2011	-	38,908	(38,908)	-	(42,752)	-	(2,314)	38,908
Extraordinary Aid	10-495-034-5120-044	26,201	7/1/2009	6/30/2010	(26,201)	26,201	(39,587)	(39,587)	(3,165)	-	-	39,587
Non-Public Transportation	11-495-034-5120-044	3,165	7/1/2010	6/30/2011	(2,114)	2,114	(3,165)	(3,165)	-	-	-	3,165
Non-Public Transportation Reimbursed TPAF Social Security Contributions	10-495-034-5120-014	2,114	7/1/2009	6/30/2010								
Total General Fund	11-495-034-5095-002	247,059	7/1/2010	6/30/2011	(28,315)	247,059	(247,059)	-	(42,752)	-	(2,314)	247,059
Special Revenue Fund:												
Non-Public Textbooks	10-100-034-5120-064	2,279	7/1/2009	6/30/2010	384	2,046	(1,324)	384	-	722	-	1,324
Non-Public Textbooks	11-100-034-5120-064	2,046	7/1/2010	6/30/2011	21	2,425	(2,292)	21	-	133	-	2,292
Non-Public Nursing	10-100-034-5120-070	2,702	7/1/2009	6/30/2010								
Non-Public Nursing	11-100-034-5120-070	2,425	7/1/2010	6/30/2011	1,645	347	(347)	1,645	-	-	-	347
Supplemental Instruction	11-100-034-5120-066	347	7/1/2010	6/30/2010								
Exam & Classification	10-100-034-5120-066	1,645	7/1/2009	6/30/2010								
Exam & Classification	11-100-034-5120-066	3,667	7/1/2010	6/30/2011	807	3,667	(3,667)	807	-	-	-	3,667
Corrective Speech	11-100-034-5120-066	2,191	7/1/2010	6/30/2011								
Corrective Speech	10-100-034-5120-066	2,511	7/1/2009	6/30/2010	2,857	2,191	(2,191)	2,857	-	-	-	2,191
Total Special Revenue Fund						10,876	(9,821)	855	-	855	-	9,821
Capital Projects Fund:												
Renovations and Additions	N/A	2,171,600	7/1/2001	6/30/2002	(371,084)	-	-	-	(371,084)	-	-	-
Generator Grant PEC EDA	4770-050-099-1001	67,360	7/1/2009	6/30/2010	(57,186)	-	-	-	(57,186)	-	-	-
Total Capital Projects Fund					(428,270)	-	-	-	(428,270)	-	-	-
Total State Financial Assistance					(453,728)	324,958	(338,540)	2,857	(471,022)	855	(2,314)	338,540

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance.
 * To be refunded by MOESC

BOARD OF EDUCATION

K-5

SHREWSBURY SCHOOL DISTRICT**NOTES TO SCHEDULES OF AWARDS OF FINANCIAL ASSISTANCE****JUNE 30, 2011****NOTE 1: General**

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

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the National School Lunch Program, the School Breakfast Program, and the U.S.D.A Commodities Program. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

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

Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<u>State Assistance</u>			
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 328,719	9,821	338,540
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized			
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	237,087		237,087
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>36,282</u>		<u>36,282</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 602,088	9,821	611,909

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<u>Federal Assistance</u>			
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 12,789	187,356	200,145
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized (396,070)	_____	_____	_____
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances	<u>\$ 12,789</u>	<u>187,356</u>	<u>200,145</u>

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state of behalf of the District for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2011.