# *SOUTH AMBOY*
# *BOARD OF EDUCATION*

# *COMPREHENSIVE ANNUAL*
# *FINANCIAL REPORT*

## *FISCAL YEAR ENDED JUNE 30, 2011*

# *SOUTH AMBOY*

# *BOARD OF EDUCATION*

***South Amboy Board of Education***
***South Amboy, New Jersey***

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

# *COMPREHENSIVE ANNUAL*

# *FINANCIAL REPORT*

# *OF THE*

# *SOUTH AMBOY BOARD OF EDUCATION*

# *SOUTH AMBOY, NEW JERSEY*

## *FOR THE FISCAL YEAR ENDED JUNE 30, 2011*

***Prepared by***

***South Amboy Board of Education***
***Finance Department***

***And***

***Barre & Company, CPAs***

## STATE BOARD OF EDUCATION


ARCELIO APONTE ..... Middlesex
President

RONALD K. BUTCHER ..... Gloucester
Vice President

CLAIRE CHAMBERLAIN ECKERT ..... Somerset

JACK FORNARO ..... Warren

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ILAN PLAWKER ..... Bergen

J. PETER SIMON ..... Morris

DOROTHY STRICKLAND ..... Essex

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

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# *INTRODUCTORY SECTION*

***SOUTH AMBOY BOARD OF EDUCATION***
***240 JOHN STREET***
***SOUTH AMBOY, NEW JERSEY 08879***
***732-525-2100***

September 30, 2011

Honorable President and
Members of the Board of Education
South Amboy Board of Education
County of Middlesex
South Amboy, New Jersey

Dear Board Members:

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

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;

- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;

- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;

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

**School District Organization**

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

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

**1) <u>REPORTING ENTITY AND ITS SERVICES</u>:** South Amboy Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board's (GASB) as established by Statement No. 14. All funds of the District are included in this report. The South Amboy Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an enrollment of 1,157 students, which is 36 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

**REPORTING ENTITY AND ITS SERVICES (CONTINUED):**

Average Daily Enrollment

| Fiscal Year | Student Enrollment | Percent Change |
|---|---|---|
| 2010-2011 | 1,154 | -3.38% |
| 2009-2010 | 1,193 | 7.88% |
| 2008-2009 | 1,099 | -2.00% |
| 2007-2008 | 1,121 | -4.46% |
| 2006-2007 | 1,171 | 2.05% |

**2) ECONOMIC CONDITION AND OUTLOOK:** The South Amboy area is experiencing a period of development and expansion which is expected to continue. The increasing number of businesses relocating to the area result in an increase in the employment level which results in an increased tax base, both residential and industrial. This expansion is expected to continue which suggest that the South Amboy will continue to prosper.

**3) MAJOR INITIATIVES:** Eighty-two (82) percent of our 2011 graduates went on to further education with thirty-nine (39) percent to four year institutions.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

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

**7) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in J-20.

**8) OTHER INFORMATION:**

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

## 9) ACKNOWLEDGEMENTS:

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

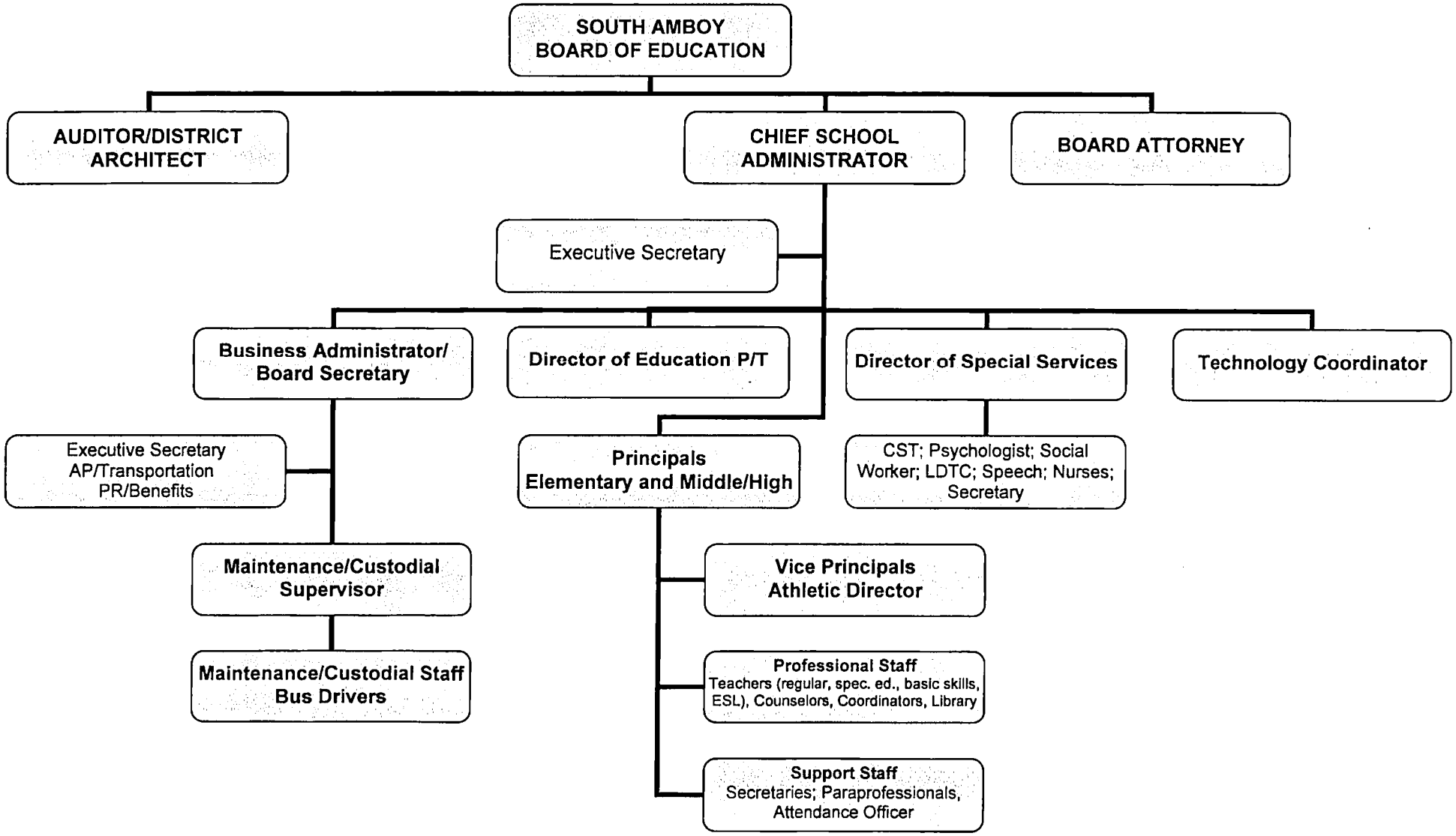
Respectfully submitted,

Robert N. Sheedy
Superintendent

Carolyn Joseph
Business Administrator/
Board Secretary

Exhibit

ORGANIZATIONAL CHART



# SOUTH AMBOY BOARD OF EDUCATION
# SOUTH AMBOY, NEW JERSEY

## ROSTER OF OFFICIALS
## JUNE 30, 2011

| MEMBERS OF THE BOARD OF EDUCATION | TERM EXPIRES |
|---|---|
| Cindy Zammit, President | 2013 |
| Elizabeth De Lucca, Vice President | 2013 |
| John Dragotta | 2012 |
| Stanley Jankowski | 2014 |
| Lynn Kasics | 2012 |
| Janet Kern | 2014 |
| Kevin Riley | 2013 |
| Philip Smith | 2014 |
| Paula Taggart | 2012 |

**OTHER OFFICIALS**

Robert N. Sheedy, Superintendent

Carolyn B. Joseph, Business Administrator/Board Secretary

Himanshu Shah, Treasurer of School Moneys

# SOUTH AMBOY BOARD OF EDUCATION
# SOUTH AMBOY, NEW JERSEY

## CONSULTANTS AND ADVISORS

### *Audit Firm*

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

### *Attorneys*

Wilentz, Goldman & Spitzer
90 Woodbridge Center Drive
Woodbridge, New Jersey 07095-0958

### *Official Depository*

Amboy National Bank
120 Broadway
South Amboy, New Jersey 08879

***FINANCIAL SECTION***

*BARRE & COMPANY*
*CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS*
*2204 Morris Avenue, Suite 206*
*Union, New Jersey 07083*
*(908) 686-3484*
*FAX – (908) 686-6055*

## Independent Auditor's Report

Honorable President
Members of the School District
South Amboy Board of Education
County of Middlesex
South Amboy, New Jersey

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

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

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

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

The Management's Discussion and Analysis and the Budgetary Comparison Information starting on pages 14 and 66, respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

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

September 30, 2011

***REQUIRED SUPPLEMENTARY INFORMATION – PART I***

**SOUTH AMBOY BOARD OF EDUCATION**
**SOUTH AMBOY, NEW JERSEY**

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

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

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

## Financial Highlights

The 2010-2011 school year enabled the South Amboy School District to purchase and repair small items plus the renovation of two elementary school classrooms, roof repair to elementary schools and new MHS cafeteria tables.

## 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 South Amboy Board of Education 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. The fund financial statements also look at the School district's most significant funds with all other non-major funds presented in total in one column. In the case of South Amboy Board of Education, the General Fund is by far the most significant fund.

## Reporting the School District as a Whole

### Statement of Net Assets and the Statement of Activities

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

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

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

- Governmental activities — All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Business-Type Activity — This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

## Reporting the School District's Most Significant Funds

### Fund Financial Statements

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

## Reporting the School District's Most Significant Funds (Continued)

### Governmental Funds

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

### Enterprise Fund

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

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found starting on page 37 of this report.

### The School District as a Whole

Recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

### Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations.

## Business-Type Activities

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

## Governmental Activities

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

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 involve keeping the school grounds, buildings, and equipment in an effective working condition.

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

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

"Other" includes special schools and unallocated depreciation.

## The School District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

**The School District Funds (Continued)**

| Revenues | Amount | Percent of Total | Increase/ (Decrease) From 2010 | Percent of Increase/ (Decrease) |
|---|---|---|---|---|
| Local Sources | $ 8,598,973 | 49.14% | $ 318,828 | 3.71% |
| State Sources | 7,979,969 | 45.61% | 341,672 | 4.28% |
| Federal Sources | 918,231 | 5.25% | (976,774) | -106.38% |
| Total | $ 17,497,173 | 100.00% | $ (316,274) | |

The increase in local revenue was due to a tax increase needed to fund the additional expenditures associated with an increase in many mandated and non controllable costs, higher operating costs and small increase of State aid.

Federal revenues for NCLB were increased considerably.

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

| Expenditures | Amount | Percent of Total | Increase/ (Decrease) From 2010 | Percent of Increase/ (Decrease) |
|---|---|---|---|---|
| Current Expense: | | | | |
| Instruction | $ 6,956,694 | 40.32% | $ (388,670) | -5.59% |
| Undistributed | 9,144,260 | 53.01% | (19,578) | -0.21% |
| Capital Outlay | 63,249 | 0.37% | 55,521 | 87.78% |
| Debt Service | 1,087,489 | 6.30% | (26,056) | -2.40% |
| Total | $ 17,251,692 | 100.00% | $ (378,783) | |

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

## General Fund Budgeting Highlights

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

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

- Interest income and miscellaneous income was over estimated during budget preparation. Interest rates continue to fall to low levels during the past year which was attributed to unanticipated economic events.
- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.
- Transportation costs were under budgeted due to the unknown decrease in gas prices at the time of budget preparation.
- Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into the District during the summer as well as the school year which necessitates transferring funds to the appropriate account to pay these special education costs.

## Capital Assets

At the end of the fiscal year 2011, the School District had a capital assets inventory completed. This included items valued/cost above $2,000 as well as all computers in the district (which would fall below the $2,000).

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

## Debt Administration

Included in debt is compensated absences; various capital leases; and serial bonds for school construction.

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

## For the Future

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

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

## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Ms. Carolyn Joseph, Business Administration/Board Secretary at South Amboy Board of Education, Administration Building, 240 John Street, South Amboy, New Jersey 08879. Please visit our website at http://www.saboe.k12.nj.us.

***BASIC FINANCIAL STATEMENTS***

## *SECTION A - DISTRICT-WIDE FINANCIAL STATEMENTS*

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

SOUTH AMBOY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2011

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| ASSETS: | | | |
| Cash and Cash Equivalents | $ 175,257 | $ 12,009 | $ 187,266 |
| Capital Reserve | 109,430 | | 109,430 |
| Interfund Receivables | 141,349 | 25,625 | 166,974 |
| Receivables | 367,172 | 10,312 | 377,484 |
| Inventories | | 22,625 | 22,625 |
| Deferred Bond Issuance Costs, Net | 5,000 | | 5,000 |
| Capital Assets, Net | 10,980,377 | 29,493 | 11,009,870 |
| Total Assets | 11,778,585 | 100,064 | 11,878,649 |
| LIABILITIES: | | | |
| Interfund Payable | 166,974 | | 166,974 |
| Accounts Payable | 314,898 | | 314,898 |
| Accrued Interest | 23,769 | | 23,769 |
| Deferred Revenue | 66,853 | | 66,853 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 815,046 | | 815,046 |
| Due Beyond One Year | 1,880,488 | | 1,880,488 |
| Total Liabilities | 3,268,028 | - | 3,268,028 |
| NET ASSETS: | | | |
| Invested in Capital Assets, Net of Related Debt | 8,284,843 | 29,493 | 8,314,336 |
| Restricted for: | | | |
| General Fund | 499,830 | | 499,830 |
| Debt Service Fund | 4 | | 4 |
| Other Purposes | 54,021 | 20,999 | 75,020 |
| Unrestricted | (328,141) | 49,572 | (278,569) |
| Total Net Assets | $ 8,510,557 | $ 100,064 | $ 8,610,621 |

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

SOUTH AMBOY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| Functions/Programs | Expenses | Indirect Expenses Allocation | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes In Net Assets: Governmental Activities | Net (Expense) Revenue and Changes In Net Assets: Business-Type Activities | Net (Expense) Revenue and Changes In Net Assets: Total |
|---|---|---|---|---|---|---|---|---|
| GOVERNMENTAL ACTIVITIES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Regular | $ 5,561,269 | $ 1,617,486 | $ - | $ - | $ - | $ (7,178,755) | $ - | $ (7,178,755) |
| Special Education | 1,375,783 | 556,000 | | 643,895 | | (1,287,888) | | (1,287,888) |
| Other Special Education | 88,998 | 36,054 | | | | (125,052) | | (125,052) |
| Other Instruction | 216,757 | 64,328 | | | | (281,085) | | (281,085) |
| Support Services: | | | | | | | | |
| Tuition | 890,539 | | | | | (890,539) | | (890,539) |
| Student and Instruction Related Services | 1,811,215 | 388,118 | | | | (2,199,333) | | (2,199,333) |
| General and Business Administrative Services | 584,156 | 203,179 | | | | (787,335) | | (787,335) |
| School Administrative Services | 642,022 | 249,329 | | | | (891,351) | | (891,351) |
| Plant Operations and Maintenance | 1,266,260 | 220,093 | | | | (1,486,353) | | (1,486,353) |
| Pupil Transportation | 450,401 | 42,517 | | 18,895 | | (474,023) | | (474,023) |
| Interest on Long-Term Debt | 79,035 | | | | | (79,035) | | (79,035) |
| Total Governmental Activities | 12,966,435 | $ 3,377,104 | - | 662,790 | - | (15,680,749) | - | (15,680,749) |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | | |
| Food Service | 445,217 | | 215,333 | 229,304 | | | (580) | (580) |
| Total Business-Type Activities | 445,217 | | 215,333 | 229,304 | - | - | (580) | (580) |
| Total Primary Government | $ 13,411,652 | | $ 215,333 | $ 892,094 | $ - | $ (15,680,749) | $ (580) | $ (15,681,329) |
| GENERAL REVENUES: | | | | | | | | |
| Property Taxes Levied For: | | | | | | | | |
| General Purposes | | | | | | $ 7,819,292 | $ - | $ 7,819,292 |
| Debt Service | | | | | | 761,346 | | 761,346 |
| Federal and State Aid Not Restricted | | | | | | 8,235,410 | | 8,235,410 |
| Investment Earnings | | | | | | 1,590 | | 1,590 |
| Miscellaneous Income | | | | | | 16,745 | 108 | 16,853 |
| Total General Revenues | | | | | | 16,834,383 | 108 | 16,834,491 |
| Change in Net Assets | | | | | | 1,153,634 | (472) | 1,153,162 |
| Net Assets - Beginning | | | | | | 7,356,923 | 100,536 | 7,457,459 |
| Net Assets - Ending | | | | | | $ 8,510,557 | $ 100,064 | $ 8,610,621 |

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

## *SECTION B - FUND FINANCIAL STATEMENTS*

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

## *GOVERNMENTAL FUNDS*

SOUTH AMBOY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

| | General Fund | Special Revenue Fund | Debt Service Fund | Total |
|---|---|---|---|---|
| ASSETS: | | | | |
| Cash and Cash Equivalents | $ 175,253 | $ - | $ 4 | $ 175,257 |
| Capital Reserve Account | 100 | | | 100 |
| Investments | 109,330 | | | 109,330 |
| Interfund Receivables | 141,349 | | | 141,349 |
| Receivables From Other Governments | 59,308 | 307,864 | | 367,172 |
| Total Assets | $ 485,340 | $ 307,864 | $ 4 | $ 793,208 |
| LIABILITIES AND FUND BALANCES: | | | | |
| Liabilities: | | | | |
| Interfund Payables | $ - | $ 166,974 | $ - | $ 166,974 |
| Accounts Payable | 240,861 | 74,037 | | 314,898 |
| Deferred Revenue | | 66,853 | | 66,853 |
| Total Liabilities | 240,861 | 307,864 | - | 548,725 |
| Fund Balances: | | | | |
| Reserved For: | | | | |
| Encumbrances | 54,021 | | | 54,021 |
| Legally Restricted - Designated for Subsequent Year's Expenditures | 210,894 | | 45 | 210,939 |
| Excess Surplus | 179,606 | | | 179,606 |
| Maintenance | 109,330 | | | 109,330 |
| Unreserved: | | | | |
| General Fund | (309,372) | | | (309,372) |
| Debt Service Fund | | | (41) | (41) |
| Total Fund Balances | 244,479 | - | 4 | 244,483 |
| Total Liabilities and Fund Balances | $ 485,340 | $ 307,864 | $ 4 | |

| | |
|---|---|
| Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because: | |
| The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets. The bond issuance costs are $50,000 and the accumulated amortization is $45,000. | 5,000 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is $16,327,599 and the accumulated depreciation is $5,347,222. | 10,980,377 |
| Some liabilities are not due and payable in the current year and therefore are not reported in the funds. Those liabilities consist of accrued interest on bond. | (23,769) |
| 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. | (2,695,534) |
| Net Assets of Governmental Activities | $ 8,510,557 |

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

SOUTH AMBOY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | General Fund | Special Revenue Fund | Debt Service Fund | Total |
|---|---|---|---|---|
| REVENUES: | | | | |
| Local Sources: | | | | |
| Local Tax Levy | $ 7,819,292 | $ - | $ 761,346 | $ 8,580,638 |
| Interest on Investments | 1,590 | | | 1,590 |
| Miscellaneous | 16,745 | | | 16,745 |
| Total Local Sources | 7,837,627 | - | 761,346 | 8,598,973 |
| State Sources | 7,004,628 | 649,242 | 326,099 | 7,979,969 |
| Federal Sources | 22,112 | 896,119 | | 918,231 |
| Total Revenues | 14,864,367 | 1,545,361 | 1,087,445 | 17,497,173 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,445,361 | 829,795 | | 5,275,156 |
| Special Education | 1,375,783 | | | 1,375,783 |
| Other Special Education | 88,998 | | | 88,998 |
| Other | 216,757 | | | 216,757 |
| Support Services and Undistributed Costs: | | | | |
| Tuition | 890,539 | | | 890,539 |
| Student and Instruction Related Services | 1,089,035 | 715,566 | | 1,804,601 |
| General and Business Administrative Services | 746,203 | | | 746,203 |
| School Administrative Services | 642,022 | | | 642,022 |
| Plant Operations and Maintenance | 1,254,456 | | | 1,254,456 |
| Pupil Transportation | 429,335 | | | 429,335 |
| Employee Benefits | 3,377,104 | | | 3,377,104 |
| Capital Outlay | 63,249 | | | 63,249 |
| Debt Service: | | | | |
| Interest | | | 86,963 | 86,963 |
| Principal | | | 1,000,526 | 1,000,526 |
| Total Expenditures | 14,618,842 | 1,545,361 | 1,087,489 | 17,251,692 |
| NET CHANGE IN FUND BALANCES | 245,525 | - | (44) | 245,481 |
| FUND BALANCES, JULY 1 | (1,046) | - | 48 | (998) |
| FUND BALANCES, JUNE 30 | $ 244,479 | $ - | $ 4 | $ 244,483 |

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

SOUTH AMBOY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | | |
|---|---|---|
| Total net change in fund balances - governmental funds (B-2) | | $ 245,481 |
| Amounts reported for governmental activities in the statement of activities (A-2) are different because: | | |
| Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense in the current fiscal year. | | |
| Depreciation Expense | $ (335,791) | |
| Capital Outlay | 93,065 | (242,726) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. | | 1,000,526 |
| Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds. | | (2,500) |
| In the statement of activities, certain expenses, e.g., compensated absences (vacations & sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an deduction to the reconciliation. | | 144,925 |
| In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest net is an addition in the reconciliation. | | 7,928 |
| Change in net assets of governmental activities | | $ 1,153,634 |

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

## *PROPRIETARY FUNDS*

SOUTH AMBOY BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2011

| **Business- type Activities - Enterprise Funds** | Food Service |
|---|---|
| ASSETS: | |
| Current Assets: | |
| Cash and Cash Equivalents | $ 12,009 |
| Due From Other Funds | 25,625 |
| Receivables from Other Governments | 10,312 |
| Inventories | 22,625 |
| Total Current Assets | 70,571 |
| Noncurrent Assets: | |
| Machinery and Equipment | 209,835 |
| Less: Accumulated Depreciation | (180,342) |
| Total Noncurrent Assets | 29,493 |
| Total Assets | $ 100,064 |
| NET ASSETS: | |
| Invested in Capital Assets | $ 29,493 |
| Contributed Capital | 20,999 |
| Unrestricted | 49,572 |
| Total Net Assets | $ 100,064 |

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

SOUTH AMBOY BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| **Business-Type Activities - Enterprise Funds** | Food Service |
|---|---|
| OPERATING REVENUES: | |
| Charges for Services: | |
| Daily Sales Reimbursable Program | $ 215,333 |
| Miscellaneous | 108 |
| Total Operating Revenues | 215,441 |
| OPERATING EXPENSES: | |
| Salaries | 166,275 |
| Management Fees | 20,224 |
| Other Purchased Services | 2,640 |
| Supplies and Materials | 38,788 |
| Depreciation Expense | 7,500 |
| Cost of Sales | 143,455 |
| Miscellaneous Expenditures | 66,335 |
| Total Operating Expenses | 445,217 |
| OPERATING LOSS | (229,776) |
| NONOPERATING REVENUES: | |
| State Sources: | |
| State Lunch Program | 5,482 |
| Federal Sources: | |
| Federal Lunch Program | 182,404 |
| Federal Breakfast Program | 18,434 |
| U.S.D.A. Commodities | 22,984 |
| Total Nonoperating Revenues | 229,304 |
| CHANGE IN NET ASSETS | (472) |
| TOTAL NET ASSETS - JULY 1 | 100,536 |
| TOTAL NET ASSETS - JUNE 30 | $ 100,064 |

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

SOUTH AMBOY BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| **Business-Type Activities - Enterprise Funds** | Food Service |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash Received from Customers | $ 192,787 |
| Cash Payments to Suppliers and Employees | (440,433) |
| Net Cash Used In Operating Activities | (247,646) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| Cash Received From State And Federal Reimbursements | 206,320 |
| Food Distribution Program Commodities | 22,984 |
| Net Cash Provided By Noncapital Financing Activities | 229,304 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (18,342) |
| CASH AND CASH EQUIVALENTS, JULY 1 | 30,351 |
| CASH AND CASH EQUIVALENTS, JUNE 30 | $ 12,009 |

| | |
|---|---|
| Reconciliation of Operating Loss to Net Cash Used In Operating Activities: | |
| Operating Loss | $ (229,776) |
| Depreciation | 7,500 |
| Change In Assets And Liabilities: | |
| Increase In Due From Other Funds | (25,625) |
| Decrease In Receivables From Other Governments | 2,971 |
| Increase In Inventories | (2,161) |
| Decrease In Accounts Payable | (555) |
| Net Cash Used In Operating Activities | $ (247,646) |

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

## *FIDUCIARY FUNDS*

SOUTH AMBOY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

| | Unemployment Compensation Insurance | Scholarships and Donations | Agency Fund |
|---|---|---|---|
| ASSETS: | | | |
| Cash and Cash Equivalents | $ 3,180 | $ 42,215 | $ 371,640 |
| Interfund Accounts Receivable | | | 7,101 |
| Total Assets | 3,180 | 42,215 | $ 378,741 |
| LIABILITIES: | | | |
| Interfund Accounts Payable | 7,101 | | $ - |
| Payable to State Government | 9,544 | | |
| Payable to Student Groups | | | 99,372 |
| Payroll Deductions and Withholdings | | | 279,369 |
| Total Liabilities | 16,645 | - | $ 378,741 |
| NET ASSETS (DEFICIT): | | | |
| Reserved Net Assets (Deficit) | (13,465) | 42,215 | |
| Total Net Assets (Deficit) | $ (13,465) | $ 42,215 | |

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

SOUTH AMBOY BOARD OF EDUCATION
FIDUCIARY NET ASSETS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | Unemployment Compensation Insurance | Scholarships and Donations |
|---|---|---|
| ADDITIONS: | | |
| Interest | $ - | $ 2,342 |
| Contributions: | | |
| Employees | 13,263 | |
| Board | 53,950 | |
| Other | | 16,604 |
| Total Additions | 67,213 | 18,946 |
| DEDUCTIONS: | | |
| Expenditures | 68,809 | 14,951 |
| Total Deductions | 68,809 | 14,951 |
| CHANGE IN NET ASSETS | (1,596) | 3,995 |
| NET ASSETS (DEFICIT) - BEGINNING OF YEAR | (11,869) | 38,220 |
| NET ASSETS (DEFICIT) - END OF YEAR | $ (13,465) | $ 42,215 |

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

***NOTES TO THE FINANCIAL STATEMENTS***

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. Reporting Entity

The South Amboy Board of Education is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms and two sending district members appointed annually. The purpose of the district is to educate students in grades Pre-K through 12. The South Amboy Board of Education had an approximate enrollment at June 30, 2011 of 1,154.

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

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

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

### B. Basis of Presentation. Basis of Accounting

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

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

### Basis of Presentation. Basis of Accounting (Continued)

Basis of Presentation

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

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

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

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

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

### Basis of Presentation. Basis of Accounting (Continued)

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

The District reports the following governmental funds:

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

Capital Projects Fund: Not applicable.

Debt Service Fund: 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.

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

### Basis of Presentation. Basis of Accounting (Continued)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

Basis of Accounting

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

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

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

### Basis of Presentation. Basis of Accounting (Continued)

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

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

### C. Budgets/Budgetary Control

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

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

### Budgets/Budgetary Control (Continued)

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

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

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting to the GAAP basis of accounting:

| | |
|---|---|
| Total Revenues & Expenditures (Budgetary Basis) | $ 1,594,130 |
| Adjustments: | |
| Less Encumbrances at June 30, 2011 | (52,690) |
| Plus Encumbrances at June 30, 2010 | 3,921 |
| Total Revenues and Expenditures (GAAP Basis) | $ 1,545,361 |

### D. Encumbrances Accounting

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

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

### Encumbrances Accounting (Continued)

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

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

### E. Assets, Liabilities, and Equity

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

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

### Assets, Liabilities, and Equity (Continued)

Capital Assets:

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

Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is $2,000.

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

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

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

Compensated Absences:

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

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

### Assets, Liabilities, and Equity (Continued)

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

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

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

Deferred Revenue:

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

Accrued Liabilities and Long-term Obligations:

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

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

### Assets, Liabilities, and Equity (Continued)

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

Net Assets:

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

Fund Balance Reserves:

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

Revenues — Exchange and Nonexchange Transactions:

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

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

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

### Assets, Liabilities, and Equity (Continued)

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

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

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

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

### Assets, Liabilities, and Equity (Continued)

Extraordinary and Special Items:

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

Management Estimates:

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

## NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

### Deposits

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

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

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

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

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

### Investments

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

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

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

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

| | General Fund | Debt Service | Proprietary Fund | Fiduciary Funds | Total |
|---|---|---|---|---|---|
| Operating Account | $ 175,353 | $ 4 | $ 12,009 | $417,035 | $ 604,401 |

The investments recorded in the District-wide statements have been recorded at amortized cost. In accordance with GASB 31, participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost. For those securities purchased more than one year from the maturity date, the difference between the carrying amount and market value is not material to the District-wide statements. The carrying amount of the Board's cash and cash equivalents at June 30, 2011 was $604,401 and the bank balance was $1,312,406. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

### Risk Category

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

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

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

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

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

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

### New Jersey Cash Management Fund

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

As of June 30, 2011, the District had no funds on deposit with the New Jersey Cash Management Fund.

## NOTE 3: RECEIVABLES

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

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

| | Governmental Fund Financial Statements | Governmental Wide Financial Statements |
|---|---|---|
| State Aid | $ 366,561 | $ 366,836 |
| Federal Aid | - | 10,037 |
| Other | 611 | 611 |
| Gross Receivables | 367,172 | 377,484 |
| Less: Allowance for Uncollectibles | - | - |
| Total Receivables, Net | $ 367,172 | $ 377,484 |

## NOTE 4: INTERFUND TRANSFERS AND BALANCES

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

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

| Fund | Interfund Receivable | Interfund Payable |
|---|---|---|
| General Fund | $ 141,349 | $ - |
| Special Revenue Fund | | 166,974 |
| Proprietary Fund | 25,625 | |
| Fiduciary Fund | 7,101 | 7,101 |
| Total | $ 174,075 | $ 174,075 |

## NOTE 5: INVENTORY

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

| | |
|---|---|
| Food | $ 16,855 |
| Supplies | 5,770 |
| | $ 22,625 |

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

## NOTE 6: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bond (20 years). The costs associated with the issue of the bond amounted to $50,000. Amortization expense for the fiscal year ended June 30, 2011 amounted to $2,500.

## NOTE 7: CAPITAL ASSETS

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

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| *Capital Assets Not Being Depreciated:* | | | | |
| Land and Land Improvements | $ 1,816,660 | $ - | $ - | $ 1,816,660 |
| Total Capital Assets Not Being Depreciated | 1,816,660 | - | - | 1,816,660 |
| *Capital Assets Being Depreciated:* | | | | |
| Site Improvements | 372,181 | - | - | 372,181 |
| Building and Building Improvements | 13,823,461 | 30,125 | - | 13,853,586 |
| Machinery and Equipment | 394,419 | 62,940 | 172,187 | 285,172 |
| Totals at Historical Cost | 14,590,061 | 93,065 | 172,187 | 14,510,939 |
| Less Accumulated Depreciation For: | | | | |
| Site Improvements | 267,533 | 17,457 | - | 284,990 |
| Building and Building Improvements | 4,622,309 | 262,286 | - | 4,884,595 |
| Machinery and Equipment | 293,776 | 56,048 | 172,187 | 177,637 |
| Total Accumulated Depreciation | 5,183,618 | 335,791 | 172,187 | 5,347,222 |
| Total Capital Assets Being Depreciated, Net of Accumulated Depreciation | 9,406,443 | (242,726) | - | 9,163,717 |
| Government Activity Capital Assets, Net | $ 11,223,103 | $ (242,726) | $ - | $ 10,980,377 |
| **Business-Type Activities:** | | | | |
| *Capital Assets Being Depreciated:* | | | | |
| Machinery and Equipment | $ 209,835 | $ - | $ - | $ 209,835 |
| Less Accumulated Depreciation | (172,842) | (7,500) | - | (180,342) |
| Enterprise Fund Capital Assets, Net | $ 36,993 | $ (7,500) | $ - | $ 29,493 |

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

## NOTE 7: CAPITAL ASSETS (CONTINUED)

| | |
|---|---|
| Instruction | $ 286,113 |
| Student and Related Services | 6,614 |
| General and Business Administrative Services | 10,194 |
| Plant Operations and Maintenance | 11,804 |
| Pupil Transportation | 21,066 |
| Total | $ 335,791 |

## NOTE 8: LONG-TERM OBLIGATIONS

### A. Long-term Obligation Activity

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

| | Balance July 1, 2010 | Increase | Decrease | Balance June 30, 2011 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Bonds Payable | $ 1,504,000 | $ - | $ 400,000 | $ 1,104,000 | $ 395,000 |
| Intergovernmental Loans Payable | 1,422,105 | - | 355,526 | 1,066,579 | 355,526 |
| Obligations Under Capital Lease | 215,000 | - | 215,000 | - | - |
| Compensated Absences Payable | 419,880 | 49,870 | 194,795 | 274,955 | 34,520 |
| Early Reitrement Obligations | 280,000 | - | 30,000 | 250,000 | 30,000 |
| Total | $ 3,840,985 | $ 49,870 | $ 1,195,321 | $ 2,695,534 | $ 815,046 |

Compensated absences and capital leases have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

## NOTE 8: LONG-TERM OBLIGATIONS (CONTINUED)

### Long-term Obligation Activity (Continued)

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2011, it is not necessary for the Board to establish a liability for arbitrage rebate.

| | Government Activities | | | |
|---|---|---|---|---|
| | Issue Dates | Interest Rates | Date of Maturity | Balance June 30, 2011 |
| Bonds Payable | 9/15/93 | 3.55% | 9/15/13 | $ 1,104,000 |
| Intergovernmental Loans Payable | 7/15/93 | 1.50% | 7/15/13 | $ 1,066,579 |

### B. Debt Service Requirements

### Bonds Payable

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

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

| | |
|---|---|
| $7,144,000, 1993 Bonds, due in annual installments of $350,000 to $400,000 through September 15, 2013, interest rate 3.55% | $ 1,104,000 |

## NOTE 8: LONG-TERM OBLIGATIONS (CONTINUED)

### Debt Service Requirements (Continued)

### Intergovernmental Loan Payable

The District has entered into a loan agreement with the New Jersey Economic Development Agency to provide funds for the acquisition and construction of major capital facilities.

Loan payable at June 30, 2011 is comprised of the following:

| | |
|---|---|
| $6,755,000, 1993 Loans, due in semi-annual installments of $355,526 through July 15, 2013, interest rate 1.50% | $ 1,066,579 |

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

| | |
|---|---|
| 4% of Equalized Valuation Basis (Municipal) | N/A |
| Less: Net Debt | N/A |
| Remaining Borrowing Power | $ - |

Debt service requirements on serial bonds and loan payables at June 30, 2011 are as follows:

**Serial Bonds**

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ 395,000 | $ 34,701 | $ 429,701 |
| 2013 | 395,000 | 20,678 | 415,678 |
| 2014 | 385,000 | 6,834 | 391,834 |
| | $ 1,175,000 | $ 62,213 | $ 1,237,213 |

## NOTE 8: LONG-TERM OBLIGATIONS (CONTINUED)

### Debt Service Requirements (Continued)

**Intergovernmental Loans**

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ 355,526 | $ 13,332 | $ 368,858 |
| 2013 | 355,526 | 7,999 | 363,525 |
| 2014 | 355,527 | 2,667 | 358,194 |
| | $ 1,066,579 | $ 23,998 | $ 1,090,577 |

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

## NOTE 9: UNFUNDED PENSION OBLIGATION

The Board elected to participate in the State of New Jersey 1993 Early Retirement Incentive Program (ERIP) for the Teachers' Pension and Annuity Fund (TPAF). In order to finance the liability under the program, the Board elected to pay the State of New Jersey over a twenty-eight year period. The Board's outstanding liability is $250,000 as of June 30, 2011.

## NOTE 10: SEGMENT INFORMATION – ENTERPRISE FUNDS

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

| | Food Service |
|---|---|
| Operating Revenues | $ 215,441 |
| Depreciation Expense | 7,500 |
| Operating Loss | (229,776) |
| Nonoperating Revenues | 229,304 |
| Net Loss | (472) |
| Total Net Assets | 100,064 |
| Total Equity | 100,064 |

## NOTE 11: PENSION PLANS

### Description of Plans

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

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

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

### Public Employees' Retirement System (PERS)

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

## NOTE 11: PENSION PLANS (CONTINUED)

### Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for two percent of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

### Significant Legislation

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

### Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of five percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF

## NOTE 11: PENSION PLANS (CONTINUED)

### Contributions Requirements (Continued)

and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a noncontributing employer of TPAF.

Three-Year Trend Information for PERS

| Year Funding | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 6/30/11 | $159,584 | 100% | $159,584 |
| 6/30/10 | $118,375 | 100% | $118,375 |
| 6/30/09 | $56,025 | 100% | $56,025 |

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

| Year Funding | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|
| 6/30/11 | None | 100% | None |
| 6/30/10 | None | 100% | None |
| 6/30/09 | None | 100% | None |

During the fiscal year ended June 30, 2011, the State of New Jersey made $496,129 contribution to the TPAF for normal and post-retirement benefits on behalf of the District. In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District $506,903 during the fiscal year ended June 30, 2011, for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

This amount has been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

## NOTE 12: 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 13: RISK MANAGEMENT

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

### Property and Liability Insurance

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

### New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for

## NOTE 13: RIST MANAGEMENT (CONTINUED)

amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

| Fiscal Year | District Contributions | Employee Contributions | Amount Reimbursed | Ending Balance |
|---|---|---|---|---|
| 2010-2011 | $ 53,950 | $ 13,263 | $ 68,809 | $ (13,465) |
| 2009-2010 | 52,885 | 14,466 | 73,015 | (11,869) |
| 2008-2009 | 78,189 | 14,092 | 90,929 | (6,205) |

## NOTE 14: CONTINGENT LIABILITIES

### Grant Programs

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

## NOTE 15: FUND BALANCE APPROPRIATED

### General Fund

Of the $244,479 General Fund fund balance at June 30, 2011, $54,021 is reserved for encumbrances; $210,894 is reserved for legally restricted – designated for subsequent year's expenditures; $179,606 is reserved for excess surplus; $109,330 is reserved for maintenance; and ($309,372) is unreserved and undesignated.

### Debt Service Fund

Of the $4 Debt Service Fund balance at June 30, 2011, $45 is designated for subsequent year's expenditures; and ($41) is unreserved and undesignated.

## NOTE 16: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. At June 30, 2011, there is $179,606 excess fund balance.

***REQUIRED SUPPLEMENTARY INFORMATION – PART II***

## *SECTION C - BUDGETARY COMPARISON SCHEDULES*

SOUTH AMBOY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-1
Sheet 1

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | $ 7,819,292 | $ - | $ 7,819,292 | $ 7,819,292 | $ - |
| Earnings on Investments | 690 | | 690 | 1,590 | 900 |
| Other Revenues from Local Sources | 6,000 | | 6,000 | 16,745 | 10,745 |
| Total Local Sources | 7,825,982 | - | 7,825,982 | 7,837,627 | 11,645 |
| State Sources: | | | | | |
| Equalization Aid | 5,267,672 | | 5,267,672 | 5,267,672 | - |
| Special Education Aid | 634,381 | | 634,381 | 634,381 | - |
| Extraordinary Aid | 152,927 | (42,486) | 110,441 | 110,441 | - |
| On-Behalf TPAF Pension Contributions | | | | 496,129 | 496,129 |
| Reimbursed TPAF Social Security Contributions | | | | 506,903 | 506,903 |
| Total State Sources | 6,054,980 | (42,486) | 6,012,494 | 7,015,526 | 1,003,032 |
| Federal Sources: | | | | | |
| Medical Assistance Program (SEMI) | 19,884 | 2,228 | 22,112 | 22,112 | - |
| Total Federal Sources | 19,884 | 2,228 | 22,112 | 22,112 | - |
| Total Revenues | 13,900,846 | (40,258) | 13,860,588 | 14,875,265 | 1,014,677 |
| EXPENDITURES: | | | | | |
| Current Expenses: | | | | | |
| Instruction: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Salaries of Teachers: | | | | | |
| Preschool/Kindergarten | 315,070 | 34,896 | 349,966 | 349,966 | - |
| Grades 1-5 | 1,338,296 | (1,112) | 1,337,184 | 1,337,184 | - |
| Grades 6-8 | 920,298 | (20,104) | 900,194 | 900,194 | - |
| Grades 9-12 | 1,269,453 | (89,394) | 1,180,059 | 1,177,144 | 2,915 |
| Total Regular Programs - Instruction | 3,843,117 | (75,714) | 3,767,403 | 3,764,488 | 2,915 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 5,960 | 25,440 | 31,400 | 31,400 | - |
| Purchased Technical Services | | 1,874 | 1,874 | 1,874 | - |
| Total Regular Programs - Home Instruction | 5,960 | 27,314 | 33,274 | 33,274 | - |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other Salaries for Instruction | 269,615 | (66,201) | 203,414 | 196,813 | 6,601 |
| Purchased Technical Services | 71,000 | 4,874 | 75,874 | 72,539 | 3,335 |
| Other Purchased Services | 16,927 | (2,923) | 14,004 | 10,901 | 3,103 |
| General Supplies | 174,422 | 94,772 | 269,194 | 264,242 | 4,952 |
| Textbooks | 40,216 | 69,015 | 109,231 | 103,104 | 6,127 |
| Miscellaneous Expenditures | 5,300 | (5,000) | 300 | | 300 |
| Total Regular Programs - Undistributed Instruction | 577,480 | 94,537 | 672,017 | 647,599 | 24,418 |
| Total Regular Programs | 4,426,557 | 46,137 | 4,472,694 | 4,445,361 | 27,333 |
| Special Education: | | | | | |
| Learning and/or Language Disabilities: | | | | | |
| Salaries of Teachers | 272,870 | (66,727) | 206,143 | 201,963 | 4,180 |
| Other Salaries for Instruction | 54,722 | (6,246) | 48,476 | 46,829 | 1,647 |
| General Supplies | 1,000 | | 1,000 | 1,000 | - |
| Total Learning and/or Language Disabilities | 328,592 | (72,973) | 255,619 | 249,792 | 5,827 |
| Multiple Disabilities: | | | | | |
| Salaries of Teachers | 252,274 | 335 | 252,609 | 252,609 | - |
| Other Salaries for Instruction | 11,798 | 24,102 | 35,900 | 33,871 | 2,029 |
| General Supplies | 2,000 | 69 | 2,069 | 2,068 | 1 |
| Total Multiple Disabilities | 266,072 | 24,506 | 290,578 | 288,548 | 2,030 |
| Resource Room/Resouce Center: | | | | | |
| Salaries of Teachers | 704,789 | (65,072) | 639,717 | 630,978 | 8,739 |
| Other Salaries for Instruction | 119,733 | 8,900 | 128,633 | 128,633 | - |
| General Supplies | 250 | | 250 | 250 | - |
| Total Resource Room/Resouce Center | 824,772 | (56,172) | 768,600 | 759,861 | 8,739 |

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

SOUTH AMBOY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| (Continued from Prior Page) | | | | | |
| Preschool Disabilities - Part-Time: | | | | | |
| Salaries of Teachers | $ 65,106 | $ (16,262) | $ 48,844 | $ 47,991 | $ 853 |
| Other Salaries for Instruction | 11,798 | 22,202 | 34,000 | 29,591 | 4,409 |
| General Supplies | 1,000 | | 1,000 | | 1,000 |
| Total Preschool Disabilities - Part-Time | 77,904 | 5,940 | 83,844 | 77,582 | 6,262 |
| Basic Skills/Remedial: | | | | | |
| Salaries of Teachers | | 1,419 | 1,419 | 1,419 | - |
| General Supplies | 3,500 | (2,000) | 1,500 | | 1,500 |
| Total Basic Skills/Remedial | 3,500 | (581) | 2,919 | 1,419 | 1,500 |
| Bilingual Education: | | | | | |
| Salaries of Teachers | 78,364 | 10,107 | 88,471 | 87,579 | 892 |
| General Supplies | 1,000 | | 1,000 | | 1,000 |
| Total Bilingual Education | 79,364 | 10,107 | 89,471 | 87,579 | 1,892 |
| Total Special Education | 1,580,204 | (89,173) | 1,491,031 | 1,464,781 | 26,250 |
| Other Instructional Programs: | | | | | |
| School-Sponsored Co-Curricular and Extra-Curricular Activities: | | | | | |
| Salaries | 49,000 | (6,497) | 42,503 | 29,254 | 13,249 |
| Purchased Services | 1,900 | 4,813 | 6,713 | 4,372 | 2,341 |
| Supplies and Materials | 2,000 | (221) | 1,779 | 1,429 | 350 |
| Other Objects | 8,662 | (2,281) | 6,381 | 6,381 | - |
| Total School-Sponsored Co-Curricular and Extra-Curricular Activities | 61,562 | (4,186) | 57,376 | 41,436 | 15,940 |
| School-Sponsored Athletics: | | | | | |
| Salaries | 215,000 | (85,463) | 129,537 | 129,537 | - |
| Purchased Services | | 13,098 | 13,098 | 13,098 | - |
| Supplies and Materials | 9,500 | 522 | 10,022 | 8,623 | 1,399 |
| Other Objects | 27,225 | 1,156 | 28,381 | 24,063 | 4,318 |
| Total School-Sponsored Athletics | 251,725 | (70,687) | 181,038 | 175,321 | 5,717 |
| Total Other Instructional Programs | 313,287 | (74,873) | 238,414 | 216,757 | 21,657 |
| Total Instruction | 6,320,048 | (117,909) | 6,202,139 | 6,126,899 | 75,240 |
| Undistributed Expenditures: | | | | | |
| Instruction: | | | | | |
| Tuition to County Vocational School Districts - Special Education | | 17,794 | 17,794 | 17,793 | 1 |
| Tuition to County Special Services and Regional Day School Within the State | 720,692 | (140,163) | 580,529 | 580,528 | 1 |
| Tuition to Private Schools for the Disabled Within the State | 151,718 | 100,750 | 252,468 | 252,468 | - |
| Tuition - State Facilities | 39,750 | | 39,750 | 39,750 | - |
| Total Instruction | 912,160 | (21,619) | 890,541 | 890,539 | 2 |
| Attendance and Social Work Services: | | | | | |
| Salaries | 7,330 | 183 | 7,513 | 7,513 | - |
| Other Objects | 400 | | 400 | | 400 |
| Total Attendance and Social Work Services | 7,730 | 183 | 7,913 | 7,513 | 400 |
| Health Services: | | | | | |
| Salaries | 110,991 | 4,519 | 115,510 | 115,510 | - |
| Purchased Prof/Tech Services | 5,637 | (232) | 5,405 | 5,250 | 155 |
| Supplies and Materials | 5,200 | (1,730) | 3,470 | 2,566 | 904 |
| Other Objects | 245 | 322 | 567 | 559 | 8 |
| Total Health Services | 122,073 | 2,879 | 124,952 | 123,885 | 1,067 |

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

SOUTH AMBOY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| (Continued from Prior Page) | | | | | |
| Other Support Services Students - Related Services: | | | | | |
| Salaries | $ 133,250 | $ (6,579) | $ 126,671 | $ 122,819 | $ 3,852 |
| Supplies and Materials | 1,000 | (631) | 369 | 369 | - |
| Other Objects | | 229 | 229 | 229 | - |
| Total Other Support Services Students - Related Services | 134,250 | (6,981) | 127,269 | 123,417 | 3,852 |
| Other Support Services Students - Regular Services: | | | | | |
| Salaries of Other Professional Staff | 242,893 | (31,325) | 211,568 | 211,568 | - |
| Salaries of Secretarial and Clerical Assistants | 41,353 | | 41,353 | 41,353 | - |
| Purchased Prof/Ed Services | 200 | (200) | - | | - |
| Other Purchased Prof/Tech Services | 8,161 | (1,432) | 6,729 | 6,729 | - |
| Other Purchased Services | 4,500 | 10,840 | 15,340 | 13,937 | 1,403 |
| Other Objects | 500 | (263) | 237 | 135 | 102 |
| Total Other Support Services Students - Regular Services | 297,607 | (22,380) | 275,227 | 273,722 | 1,505 |
| Other Support Services Students - Special Services: | | | | | |
| Salaries of Other Professional Staff | 224,448 | 23,096 | 247,544 | 240,589 | 6,955 |
| Salaries of Secretarial and Clerical Assistants | 41,533 | (70) | 41,463 | 41,323 | 140 |
| Purchased Prof/Ed Services | 47,000 | 32,836 | 79,836 | 79,835 | 1 |
| Other Purchased Prof/Tech Services | 6,661 | | 6,661 | 6,661 | - |
| Travel | 1,500 | (825) | 675 | 400 | 275 |
| Supplies and Materials | 6,500 | 1,186 | 7,686 | 7,153 | 533 |
| Other Objects | 3,000 | (1,532) | 1,468 | 1,468 | - |
| Total Other Support Services Students - Special Services | 330,642 | 54,691 | 385,333 | 377,429 | 7,904 |
| Improvement of Instruction Services: | | | | | |
| Salaries of Supervisors of Instruction | 55,401 | (855) | 54,546 | 54,546 | - |
| Salaries of Other Professional Staff | 5,000 | (5,000) | - | | - |
| Supplies and Materials | 1,500 | (927) | 573 | 573 | - |
| Other Objects | 3,000 | 927 | 3,927 | 3,898 | 29 |
| Total Improvement of Instruction Services | 64,901 | (5,855) | 59,046 | 59,017 | 29 |
| Educational Media/Library: | | | | | |
| Salaries | 94,100 | 28,733 | 122,833 | 122,833 | - |
| Supplies and Materials | 1,500 | (266) | 1,234 | 1,219 | 15 |
| Total Educational Media/Library | 95,600 | 28,467 | 124,067 | 124,052 | 15 |
| Instructional Staff Training Services: | | | | | |
| Other Objects | 500 | | 500 | | 500 |
| Total Instructional Staff Training Services | 500 | - | 500 | - | 500 |
| Support Services General Administration: | | | | | |
| Salaries | 242,587 | (5,226) | 237,361 | 237,361 | - |
| Legal Fees | 35,000 | (7,474) | 27,526 | 27,500 | 26 |
| Audit Fees | 12,500 | | 12,500 | 12,500 | - |
| Other Purchased Professional Fees | 18,661 | | 18,661 | 17,271 | 1,390 |
| Purchased Technical Services | 500 | | 500 | | 500 |
| Travel | | 349 | 349 | 349 | - |
| Communications/Telephone | 34,500 | (26,024) | 8,476 | 8,475 | 1 |
| BOE Other Purchased Services | 4,000 | (2,490) | 1,510 | | 1,510 |
| Other Purchased Services | 71,463 | 33,692 | 105,155 | 100,696 | 4,459 |
| General Supplies | 3,000 | 532 | 3,532 | 1,859 | 1,673 |
| Miscellaneous Expenditures | 18,500 | 5,352 | 23,852 | 16,976 | 6,876 |
| BOE Membership Dues and Fees | 4,000 | 1,603 | 5,603 | 5,353 | 250 |
| Total Support Services General Administration | 444,711 | 314 | 445,025 | 428,340 | 16,685 |

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

SOUTH AMBOY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| (Continued from Prior Page) | | | | | |
| Support Services School Administration: | | | | | |
| Salaries of Principals/Assistant Principals/Program Directors | $ 419,635 | $ 24,879 | $ 444,514 | $ 444,471 | $ 43 |
| Salaries of Secretarial and Clerical Assistants | 171,852 | 366 | 172,218 | 170,987 | 1,231 |
| Purchased Prof/Tech Services | 13,322 | | 13,322 | 13,322 | - |
| Other Purchased Services | 2,000 | 2,466 | 4,466 | 4,466 | - |
| Supplies and Materials | 4,500 | (84) | 4,416 | 4,415 | 1 |
| Other Objects | 4,500 | (60) | 4,440 | 4,361 | 79 |
| Total Support Services School Administration | 615,809 | 27,567 | 643,376 | 642,022 | 1,354 |
| Central Services: | | | | | |
| Salaries | 259,218 | (6,765) | 252,453 | 251,400 | 1,053 |
| Purchased Professional Services | 4,100 | | 4,100 | 4,100 | - |
| Purchased Technical Services | 10,400 | 7,245 | 17,645 | 17,223 | 422 |
| Miscellaneous Purchased Services | 2,000 | (1,345) | 655 | 655 | - |
| Supplies and Materials | 6,500 | (1,463) | 5,037 | 3,969 | 1,068 |
| Miscellaneous Expenditures | 2,000 | | 2,000 | 1,655 | 345 |
| Total Central Services | 284,218 | (2,328) | 281,890 | 279,002 | 2,888 |
| Administrative Information Technology Services: | | | | | |
| Salaries | 12,777 | | 12,777 | 12,777 | - |
| Purchased Technical Services | 25,000 | (2,014) | 22,986 | 13,921 | 9,065 |
| Supplies and Materials | 8,000 | 58 | 8,058 | 7,844 | 214 |
| Other Objects | 7,000 | | 7,000 | 4,319 | 2,681 |
| Total Administrative Information Technology Services | 52,777 | (1,956) | 50,821 | 38,861 | 11,960 |
| Required Maintenance for School Facilities: | | | | | |
| Salaries | 174,762 | (15,571) | 159,191 | 159,190 | 1 |
| Cleaning, Repair and Maintenance Services | 110,000 | 78,257 | 188,257 | 153,758 | 34,499 |
| General Supplies | 34,200 | 212 | 34,412 | 32,600 | 1,812 |
| Other Objects | 26,000 | 32,561 | 58,561 | 58,323 | 238 |
| Total Required Maintenance for School Facilities | 344,962 | 95,459 | 440,421 | 403,871 | 36,550 |
| Other Operation and Maintenance of Plant Services: | | | | | |
| Salaries | 390,190 | 16,187 | 406,377 | 384,102 | 22,275 |
| Cleaning, Repair and Maintenance Services | 5,000 | 2,440 | 7,440 | 7,439 | 1 |
| Insurance | 81,620 | (33,733) | 47,887 | 39,067 | 8,820 |
| General Supplies | 36,000 | (2,130) | 33,870 | 29,014 | 4,856 |
| Energy (Heat and Electricity) | 465,000 | (34,482) | 430,518 | 390,883 | 39,635 |
| Other Objects | | 80 | 80 | 80 | - |
| Total Other Operation and Maintenance of Plant Services | 977,810 | (51,638) | 926,172 | 850,585 | 75,587 |
| Student Transportation Services: | | | | | |
| Salaries for Pupil Transportation (B/T Home & School) - Special Ed | 95,427 | (5,747) | 89,680 | 80,322 | 9,358 |
| Salaries for Pupil Transportation (Other Than B/T Home & School) | 27,500 | 167 | 27,667 | 24,630 | 3,037 |
| Contracted Services - Transport (Other Than B/T Home & School) - Vendors | 16,000 | 4,964 | 20,964 | 12,257 | 8,707 |
| Contracted Services (Regular Students) - ESC & CTSA | 185,000 | (62,779) | 122,221 | 122,221 | - |
| Contracted Services (Special Ed Students) - ESC & CTSA | 320,000 | (8,437) | 311,563 | 161,485 | 150,078 |
| Miscellaneous Purchased Services - Transportation | 4,288 | | 4,288 | 3,775 | 513 |
| Supplies and Materials | 11,500 | 2,705 | 14,205 | 14,102 | 103 |
| Other Objects | 10,500 | 43 | 10,543 | 10,543 | - |
| Total Student Transportation Services | 670,215 | (69,084) | 601,131 | 429,335 | 171,796 |
| Unallocated Benefits - Employee Benefits: | | | | | |
| Social Security Contribution | 160,000 | 5,524 | 165,524 | 165,524 | - |
| Other Retirement Contributions - Regular | 120,000 | 39,584 | 159,584 | 159,584 | - |
| Unemployment Compensation | 75,000 | | 75,000 | 60,400 | 14,600 |
| Workmen's Compensation | 100,840 | (3,500) | 97,340 | 97,328 | 12 |
| Health Benefits | 1,791,894 | 83,479 | 1,875,373 | 1,874,893 | 480 |
| Tuition Reimbursement | 56,500 | (25,496) | 31,004 | 16,343 | 14,661 |
| Total Unallocated Benefits - Employee Benefits | 2,304,234 | 99,591 | 2,403,825 | 2,374,072 | 29,753 |

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

SOUTH AMBOY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| (Continued from Prior Page) | | | | | |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | $ - | $ - | $ - | $ 496,129 | $ (496,129) |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | | | 506,903 | (506,903) |
| Total Contributions | - | - | - | 1,003,032 | (1,003,032) |
| Total Undistributed Expenditures | 7,660,199 | 127,310 | 7,787,509 | 8,428,694 | (641,185) |
| Total Expenditures - Current Expenses | 13,980,247 | 9,401 | 13,989,648 | 14,555,593 | (565,945) |
| Capital Outlay: | | | | | |
| Undistributed Expenditures (Equipment): | | | | | |
| General Administration | | 40,670 | 40,670 | 40,670 | - |
| Operation of Non-Instructional Services | | 26,623 | 26,623 | 21,580 | 5,043 |
| Total Undistributed Expenditures (Equipment) | - | 67,293 | 67,293 | 62,250 | 5,043 |
| Facilities Acquisition and Construction Services: | | | | | |
| Other Objects | 999 | | 999 | 999 | - |
| Total Facilities Acquisition and Construction Services | 999 | - | 999 | 999 | - |
| Total Capital Outlay | 999 | 67,293 | 68,292 | 63,249 | 5,043 |
| Total Expenditures | 13,981,246 | 76,694 | 14,057,940 | 14,618,842 | (560,902) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (80,400) | (116,952) | (197,352) | 256,423 | 453,775 |
| FUND BALANCES, JULY 1 | 680,185 | - | 680,185 | 680,185 | - |
| FUND BALANCES, JUNE 30 | $ 599,785 | $ (116,952) | $ 482,833 | $ 936,608 | $ 453,775 |

| | |
|---|---|
| RECAPITULATION: | |
| Reserved For: | |
| Legally Restricted - Designated for Subsequent Year's Expenditures | $ 210,894 |
| Encumbrances - Current Year | 54,021 |
| Excess Surplus | 179,606 |
| Maintenance | 109,330 |
| Unreserved: | |
| Unreserved Fund Balance | 382,757 |
| | 936,608 |
| Reconcilation to Governmental Funds Statement (GAAP): | |
| Last State Aid Payment Not Recognized on GAAP Basis | (692,129) |
| Fund Balance Per Governmental Funds (GAAP) | $ 244,479 |

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

SOUTH AMBOY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| REVENUE SOURCES: | | | | | |
| State | $ 853,650 | $ (113,123) | $ 740,527 | $ 649,391 | $ (91,136) |
| Federal | 849,644 | 260,688 | 1,110,332 | 944,739 | (165,593) |
| Total Revenues | 1,703,294 | 147,565 | 1,850,859 | 1,594,130 | (256,729) |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries | 171,101 | (13,511) | 157,590 | 164,930 | (7,340) |
| Salaries of Teachers | 278,635 | (140,733) | 137,902 | 137,317 | 585 |
| Other Salaries for Instruction | 43,730 | (7,882) | 35,848 | 35,996 | (148) |
| Purchased Prof/Tech Services | 23,709 | (1,338) | 22,371 | 15,776 | 6,595 |
| Other Purchased Services | 466,333 | 26,973 | 493,306 | 406,973 | 86,333 |
| General Supplies | 4,526 | 51,346 | 55,872 | 48,141 | 7,731 |
| Textbooks | 40,645 | (9,704) | 30,941 | 30,296 | 645 |
| Total Instruction | 1,028,679 | (94,849) | 933,830 | 839,429 | 94,401 |
| Support Services: | | | | | |
| Salaries | 7,222 | 15,791 | 23,013 | 15,791 | 7,222 |
| Salaries of Program Directors | 16,200 | 3,581 | 19,781 | 19,781 | - |
| Salaries of Other Professional Staff | 33,000 | 5,481 | 38,481 | 77,341 | (38,860) |
| Salaries of Secretarial and Clerical Assistants | 1,560 | 26,312 | 27,872 | 27,872 | - |
| Personal Services - Employee Benefits | 24,000 | 93,758 | 117,758 | 117,758 | - |
| Purchased Ed Services - Contracted Pre-K | | 6,000 | 6,000 | 6,000 | - |
| Other Purchased Prof Services - Ed Services | | 20,000 | 20,000 | 8,065 | 11,935 |
| Purchased Technical Services | 590,859 | (2,224) | 588,635 | 425,524 | 163,111 |
| Contr Services - Trans (Bet Home & Sch) | | 16,180 | 16,180 | 7,835 | 8,345 |
| Other Purchased Services | 791 | 24,458 | 25,249 | 19,372 | 5,877 |
| Supplies and Materials | 983 | 33,077 | 34,060 | 29,362 | 4,698 |
| Total Support Services | 674,615 | 242,414 | 917,029 | 754,701 | 162,328 |
| Total Expenditures | 1,703,294 | 147,565 | 1,850,859 | 1,594,130 | 256,729 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | $ - | $ - | $ - | $ - | $ - |

## *NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION*

SOUTH AMBOY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FISCAL YEAR ENDED JUNE 30, 2011

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

| | | General Fund | | Special Revenue Fund |
|---|---|---|---|---|
| **Sources/Inflows of Resources** | | | | |
| Actual amounts (budgetary) "revenues" from the budgetary comparison schedules | **[C-1]** | $ 14,875,265 | **[C-2]** | $ 1,594,130 |
| Difference - Budget to GAAP: | | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized | | | | (48,769) |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | | 681,231 | | |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | | (692,129) | | |
| Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds. | **[B-2]** | $ 14,864,367 | **[B-2]** | $ 1,545,361 |
| **Uses/Outflows of resources** | | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | **[C-1]** | $ 14,618,842 | **[C-2]** | $ 1,594,130 |
| Differences - Budget to GAAP: | | | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes. | | | | (48,769) |
| Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | **[B-2]** | $ 14,618,842 | **[B-2]** | $ 1,545,361 |

## *OTHER SUPPLEMENTAL INFORMATION*

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

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

SOUTH AMBOY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | Preschool Early Childhood Aid | NCLB Title I | NCLB Title I Carryover | NCLB Title III | NCLB Title III Carryover |
|---|---|---|---|---|---|
| REVENUE SOURCES: | | | | | |
| State | $ 350,859 | $ - | $ - | $ - | $ - |
| Federal | | 248,269 | 12,763 | 20,959 | 166 |
| Total Revenues | 350,859 | 248,269 | 12,763 | 20,959 | 166 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries | | 131,730 | | | |
| Salaries of Teachers | 127,926 | | | | |
| Other Salaries for Instruction | 35,996 | | | | |
| Purchased Prof/Tech Services | | 2,500 | | | |
| Other Purchased Services | | | | | |
| General Supplies | 37,826 | 9,975 | 168 | | 166 |
| Textbooks | | | | | |
| Total Instruction | 201,748 | 144,205 | 168 | - | 166 |
| Support Services: | | | | | |
| Salaries | | | | | |
| Salaries of Program Directors | 19,781 | | | | |
| Salaries of Other Professional Staff | 34,481 | 42,860 | | | |
| Salaries of Secretarial and Clerical Assistants | 2,034 | | | | |
| Personal Services - Employee Benefits | 77,451 | 31,318 | | | |
| Purchased Ed Services - Contracted Pre-K | 6,000 | | | | |
| Other Purchased Prof Services - Ed Services | 8,065 | | | | |
| Other Purchased Prof/Tech Services | | 11,856 | 12,595 | | |
| Contr Services - Trans (Bet Home & Sch) | | | | | |
| Other Purchased Services | | 14,548 | | | |
| Supplies and Materials | 1,299 | 3,482 | | 20,959 | |
| Total Support Services | 149,111 | 104,064 | 12,595 | 20,959 | - |
| Total Expenditures | 350,859 | 248,269 | 12,763 | 20,959 | 166 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | $ - | $ - | $ - | $ - | $ - |

SOUTH AMBOY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | I.D.E.A. Part B | I.D.E.A. Preschool | I.D.E.A. Preschool Carryover | NCLB Title II Part A | NCLB Title II Part D |
|---|---|---|---|---|---|
| REVENUE SOURCES: | | | | | |
| State | $ - | $ - | $ - | $ - | $ - |
| Federal | 370,762 | 7,709 | 11,764 | 72,354 | 618 |
| Total Revenues | 370,762 | 7,709 | 11,764 | 72,354 | 618 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries | | | | 33,200 | |
| Salaries of Teachers | | | | | |
| Other Salaries for Instruction | | | | | |
| Purchased Prof/Tech Services | | | 10,544 | | 618 |
| Other Purchased Services | 243,299 | | 1,220 | | |
| General Supplies | | | | | |
| Textbooks | | | | | |
| Total Instruction | 243,299 | - | 11,764 | 33,200 | 618 |
| Support Services: | | | | | |
| Salaries | | | | | |
| Salaries of Program Directors | | | | | |
| Salaries of Other Professional Staff | | | | | |
| Salaries of Secretarial and Clerical Assistants | | | | | |
| Personal Services - Employee Benefits | | | | 5,200 | |
| Purchased Ed Services - Contracted Pre-K | | | | | |
| Other Purchased Prof Services - Ed Services | | | | | |
| Other Purchased Prof/Tech Services | 127,463 | 7,709 | | 29,154 | |
| Contr Services - Trans (Bet Home & Sch) | | | | | |
| Other Purchased Services | | | | 4,800 | |
| Supplies and Materials | | | | | |
| Total Support Services | 127,463 | 7,709 | - | 39,154 | - |
| Total Expenditures | 370,762 | 7,709 | 11,764 | 72,354 | 618 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | $ - | $ - | $ - | $ - | $ - |

SOUTH AMBOY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | NCLB Title II Part A Carryover | NCLB Title IV Carryover | NCLB Title II Part D Carryover | ARRA Title I | ARRA IDEA |
|---|---|---|---|---|---|
| REVENUE SOURCES: | | | | | |
| State | $ - | $ - | $ - | $ - | $ - |
| Federal | 2,172 | 6 | 76 | 33,215 | 163,906 |
| Total Revenues | 2,172 | 6 | 76 | 33,215 | 163,906 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries | | | | | |
| Salaries of Teachers | | | | | |
| Other Salaries for Instruction | | | | | |
| Purchased Prof/Tech Services | 2,114 | | | | |
| Other Purchased Services | | | | | 162,454 |
| General Supplies | | 6 | | | |
| Textbooks | | | | | |
| Total Instruction | 2,114 | 6 | - | - | 162,454 |
| Support Services: | | | | | |
| Salaries | | | | | |
| Salaries of Program Directors | | | | | |
| Salaries of Other Professional Staff | | | | | |
| Salaries of Secretarial and Clerical Assistants | | | | 25,838 | |
| Personal Services - Employee Benefits | | | | 3,789 | |
| Purchased Ed Services - Contracted Pre-K | | | | | |
| Other Purchased Prof Services - Ed Services | | | | | |
| Other Purchased Prof/Tech Services | | | 76 | | 1,452 |
| Contr Services - Trans (Bet Home & Sch) | | | | | |
| Other Purchased Services | | | | 24 | |
| Supplies and Materials | 58 | | | 3,564 | |
| Total Support Services | 58 | - | 76 | 33,215 | 1,452 |
| Total Expenditures | 2,172 | 6 | 76 | 33,215 | 163,906 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | $ - | $ - | $ - | $ - | $ - |

SOUTH AMBOY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | NJ Nonpublic Textbooks Aid | NJ Nonpublic Auxiliary Services Compensatory Education | NJ Nonpublic Auxiliary Services ESL | NJ Nonpublic Auxiliary Services Home Instruction | NJ Nonpublic Auxiliary Services Transportation |
|---|---|---|---|---|---|
| REVENUE SOURCES: | | | | | |
| State | $ 30,296 | $ 114,706 | $ 9,391 | $ 7,835 | $ 15,791 |
| Federal | | | | | |
| Total Revenues | 30,296 | 114,706 | 9,391 | 7,835 | 15,791 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries | | | | | |
| Salaries of Teachers | | | 9,391 | | |
| Other Salaries for Instruction | | | | | |
| Purchased Prof/Tech Services | | | | | |
| Other Purchased Services | | | | | |
| General Supplies | | | | | |
| Textbooks | 30,296 | | | | |
| Total Instruction | 30,296 | - | 9,391 | - | - |
| Support Services: | | | | | |
| Salaries | | | | | 15,791 |
| Salaries of Program Directors | | | | | |
| Salaries of Other Professional Staff | | | | | |
| Salaries of Secretarial and Clerical Assistants | | | | | |
| Personal Services - Employee Benefits | | | | | |
| Purchased Ed Services - Contracted Pre-K | | | | | |
| Other Purchased Prof Services - Ed Services | | | | | |
| Other Purchased Prof/Tech Services | | 114,706 | | | |
| Contr Services - Trans (Bet Home & Sch) | | | | 7,835 | |
| Other Purchased Services | | | | | |
| Supplies and Materials | | | | | |
| Total Support Services | - | 114,706 | - | 7,835 | 15,791 |
| Total Expenditures | 30,296 | 114,706 | 9,391 | 7,835 | 15,791 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | $ - | $ - | $ - | $ - | $ - |

SOUTH AMBOY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | NJ Nonpublic Handicapped Supplementary Instruction | NJ Nonpublic Handicapped Examination Classification | NJ Nonpublic Handicapped Corrective Speech | NJ Nonpublic Nursing Services | Grand Total |
|---|---|---|---|---|---|
| REVENUE SOURCES: | | | | | |
| State | $ 28,905 | $ 42,411 | $ 13,299 | $ 35,898 | $ 649,391 |
| Federal | | | | | 944,739 |
| Total Revenues | 28,905 | 42,411 | 13,299 | 35,898 | 1,594,130 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries | | | | | 164,930 |
| Salaries of Teachers | | | | | 137,317 |
| Other Salaries for Instruction | | | | | 35,996 |
| Purchased Prof/Tech Services | | | | | 15,776 |
| Other Purchased Services | | | | | 406,973 |
| General Supplies | | | | | 48,141 |
| Textbooks | | | | | 30,296 |
| Total Instruction | - | - | - | - | 839,429 |
| Support Services: | | | | | |
| Salaries | | | | | 15,791 |
| Salaries of Program Directors | | | | | 19,781 |
| Salaries of Other Professional Staff | | | | | 77,341 |
| Salaries of Secretarial and Clerical Assistants | | | | | 27,872 |
| Personal Services - Employee Benefits | | | | | 117,758 |
| Purchased Ed Services - Contracted Pre-K | | | | | 6,000 |
| Other Purchased Prof Services - Ed Services | | | | | 8,065 |
| Other Purchased Prof/Tech Services | 28,905 | 42,411 | 13,299 | 35,898 | 425,524 |
| Contr Services - Trans (Bet Home & Sch) | | | | | 7,835 |
| Other Purchased Services | | | | | 19,372 |
| Supplies and Materials | | | | | 29,362 |
| Total Support Services | 28,905 | 42,411 | 13,299 | 35,898 | 754,701 |
| Total Expenditures | 28,905 | 42,411 | 13,299 | 35,898 | 1,594,130 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | $ - | $ - | $ - | $ - | $ - |

SOUTH AMBOY BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | Budgeted | Actual | Variance |
|---|---|---|---|
| EXPENDITURES: | | | |
| Instruction: | | | |
| Salaries of Teachers | $ 127,926 | $ 127,926 | $ - |
| Other Salaries for Instruction | 35,848 | 35,996 | (148) |
| General Supplies | 40,919 | 37,826 | 3,093 |
| Total Instruction | 204,693 | 201,748 | 2,945 |
| Support Services: | | | |
| Salaries of Program Directors | 19,781 | 19,781 | - |
| Salaries of Other Professional Staff | 34,481 | 34,481 | - |
| Salaries of Secretarial and Clerical Assistants | 2,034 | 2,034 | - |
| Personal Services - Employee Benefits | 77,451 | 77,451 | - |
| Purchased Ed Services - Contracted Pre-K | 6,000 | 6,000 | - |
| Other Purchased Prof Services - Ed Services | 20,000 | 8,065 | 11,935 |
| Supplies and Materials | 4,500 | 1,299 | 3,201 |
| Total Support Services | 164,247 | 149,111 | 15,136 |
| Total Expenditures | $ 368,940 | $ 350,859 | $ 18,081 |

CALCULATION OF BUDGET AND CARRYOVER

| | |
|---|---|
| Total Revised 2010-2011 Preschool Education Aid Allocation | $ 368,940 |
| Add: Actual ECPA/PEA Carryover (June 30, 2010) | - |
| Add: Budgeted Transfer from the General Fund 2010-2011 | - |
| Total Preschool Education Aid Funds Available for 2010-2011 Budget | 368,940 |
| Less: 2010-2011 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover) | (368,940) |
| Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2011 | - |
| Add: June 30, 2011 Unexpended Preschool Education Aid | 18,081 |
| 2010-2011 Carryover - Preschool Education Aid/Preschool | $ 18,081 |
| 2010-2011 Preschool Education Aid Carryover Budgeted for Preschool Programs 2010-2011 | $ - |

## *SECTION G – PROPRIETARY FUND DETAIL STATEMENTS*

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

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

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

## *SECTION H - FIDUCIARY FUNDS DETAIL STATEMENTS*

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

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

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

> ***Student Activity Fund – This agency fund is used to account for student funds held at the schools.***
>
> ***Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.***

SOUTH AMBOY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENTS OF FIDUCIARY NET ASSETS
TRUST AND AGENCY FUNDS
JUNE 30, 2011

| | Trust | | | Agency | | |
|---|---|---|---|---|---|---|
| | Unemployment Compensation Insurance | Scholarships and Donations | Total Trust Fund | Student Activity | Payroll Agency | Total Agency Fund |
| ASSETS: | | | | | | |
| Cash and Cash Equivalents | $ 3,180 | $ 42,215 | $ 45,395 | $ 99,372 | $ 272,268 | $ 371,640 |
| Interfund Accounts Receivable | | | | | 7,101 | 7,101 |
| Total Assets | 3,180 | 42,215 | 45,395 | $ 99,372 | $ 279,369 | $ 378,741 |
| LIABILITIES: | | | | | | |
| Interfund Accounts Payable | 7,101 | | 7,101 | $ - | $ - | $ - |
| Payable to State Government | 9,544 | | 9,544 | | | |
| Payable to Student Groups | | | | 99,372 | | 99,372 |
| Payroll Deductions and Withholdings | | | | | 279,369 | 279,369 |
| Total Liabilities | 16,645 | - | 16,645 | $ 99,372 | $ 279,369 | $ 378,741 |
| NET ASSETS (DEFICIT): | | | | | | |
| Reserved Net Assets (Deficit) | (13,465) | 42,215 | 28,750 | | | |
| Total Net Assets (Deficit) | $ (13,465) | $ 42,215 | $ 28,750 | | | |

SOUTH AMBOY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
TRUST FUNDS
JUNE 30, 2011

| | Unemployment Compensation Insurance | Scholarships and Donations | Total |
|---|---|---|---|
| ADDITIONS: | | | |
| Interest | $ - | $ 2,342 | $ 2,342 |
| Contributions: | | | |
| Employees | 13,263 | | 13,263 |
| Board | 53,950 | | 53,950 |
| Other | | 16,604 | 16,604 |
| Total Additions | 67,213 | 18,946 | 86,159 |
| DEDUCTIONS: | | | |
| Expenditures | 68,809 | 14,951 | 83,760 |
| Total Deductions | 68,809 | 14,951 | 83,760 |
| CHANGE IN NET ASSETS | (1,596) | 3,995 | 2,399 |
| NET ASSETS (DEFICIT) - BEGINNING OF YEAR | (11,869) | 38,220 | 26,351 |
| NET ASSETS (DEFICIT) - END OF YEAR | $ (13,465) | $ 42,215 | $ 28,750 |

SOUTH AMBOY BOARD OF EDUCATION
FIDUCIARY FUNDS
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
JUNE 30, 2011

| | Balance July 1, 2010 | Cash Receipts | Cash Disbursements | Balance June 30, 2011 |
|---|---|---|---|---|
| H.G. Hoffman High School | $ 64,858 | $ 171,978 | $ 158,152 | $ 78,684 |
| Athletic Account | 16,704 | 8,571 | 4,587 | 20,688 |
| Total | $ 81,562 | $ 180,549 | $ 162,739 | $ 99,372 |

SOUTH AMBOY BOARD OF EDUCATION
FIDUCIARY FUNDS
PAYROLL AGENCY AND PAYROLL ACCOUNT FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
JUNE 30, 2011

| | Balance July 1, 2010 | Receipts | Disbursements | Balance June 30, 2011 |
|---|---|---|---|---|
| ASSETS: | | | | |
| Cash and Cash Equivalents | $ 227,365 | $ 10,086,732 | $ 10,041,829 | $ 272,268 |
| Interfund Accounts Receivable | 7,101 | - | - | 7,101 |
| Total Assets | $ 234,466 | $ 10,086,732 | $ 10,041,829 | $ 279,369 |
| LIABILITIES: | | | | |
| Accrued Salaries and Benefits | $ - | $ 5,665,403 | $ 5,665,403 | $ - |
| Payroll Deductions and Withholding Payable | 234,466 | 4,421,329 | 4,376,426 | 279,369 |
| Total Liabilities | $ 234,466 | $ 10,086,732 | $ 10,041,829 | $ 279,369 |

## *SECTION I- LONG-TERM DEBT SCHEDULES*

***The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.***

SOUTH AMBOY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
YEAR ENDED JUNE 30, 2011

| Issue | Date of Issue | Amount of Issue | Annual Maturities Date | Annual Maturities Amount | Interest Rate | Balance July 1, 2010 | Issued | Retired | Balance June 30, 2011 |
|---|---|---|---|---|---|---|---|---|---|
| School District Bonds Series 1993 | 9/15/1993 | $ 7,144,000 | 9/15/2011 | $ 395,000 | | | | | |
| | | | 9/15/2012 | 395,000 | | | | | |
| | | | 9/15/2013 | 385,000 | 3.550% | $ 1,504,000 | $ - | $ 400,000 | $ 1,104,000 |
| Total | | | | | | $ 1,504,000 | $ - | $ 400,000 | $ 1,104,000 |

SOUTH AMBOY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
YEAR ENDED JUNE 30, 2011

| Purpose | Date of Lease | Term of Lease | Amount of Principal | Original Lease Interest | Interest Rate | Balance June 30, 2010 | Issued | Retired | Balance June 30, 2011 |
|---|---|---|---|---|---|---|---|---|---|
| 2000 Elementary School Improvements | 3/15/2000 | 10 Years | $ 1,745,000 | $ - | 5.80% | $ 215,000 | $ - | $ 215,000 | $ - |
| Total | | | | | | $ 215,000 | $ - | $ 215,000 | $ - |

SOUTH AMBOY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE
YEAR ENDED JUNE 30, 2011

| Issue | Date of Issue | Amount of Issue | Annual Maturities Date | Annual Maturities Amount | Interest Rate | Balance July 1, 2010 | Issued | Retired | Balance June 30, 2011 |
|---|---|---|---|---|---|---|---|---|---|
| N.J. Public School Facilities Loan | 7/15/1993 | $ 6,755,000 | 7/15/2011-13 | $ 355,526 | 1.50% | $ 1,422,105 | $ - | $ 355,526 | $ 1,066,579 |
| Total | | | | | | $ 1,422,105 | $ - | $ 355,526 | $ 1,066,579 |

SOUTH AMBOY BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2011

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|---|---|---|---|---|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | $ 761,346 | $ - | $ 761,346 | $ 761,346 | $ - |
| Total Local Sources | 761,346 | - | 761,346 | 761,346 | - |
| State Sources | 326,099 | | 326,099 | 326,099 | - |
| Total Revenues | 1,087,445 | - | 1,087,445 | 1,087,445 | - |
| EXPENDITURES: | | | | | |
| Debt Service - Regular | | | | | |
| Interest | 86,963 | | 86,963 | 86,963 | - |
| Redemption of Principal | 1,000,527 | | 1,000,527 | 1,000,526 | 1 |
| Total Expenditures | 1,087,490 | - | 1,087,490 | 1,087,489 | 1 |
| Excess of Revenues Over Expenditures | (45) | - | (45) | (44) | 1 |
| FUND BALANCE, JULY 1 | 48 | - | 48 | 48 | - |
| FUND BALANCE, JUNE 30 | $ 3 | $ - | $ 3 | $ 4 | $ 1 |

***STATISTICAL SECTION (UNAUDITED)***

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

**Contents**

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

**Operating Information**

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

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

## *FINANCIAL TRENDS*

SOUTH AMBOY BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
*(accrual basis of accounting)*

| | Fiscal Year Ending June 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Governmental Activities | | | | | | | | | |
| Invested in capital assets, net of related debt | $ 8,284,843 | $ 7,382,118 | $ 6,562,737 | $ 6,080,895 | $ 5,470,592 | $ 4,829,624 | $ 4,399,854 | $ 3,338,953 | $ 2,791,432 |
| Restricted | 553,855 | 402,708 | 210,547 | 76,357 | 419,252 | 695,806 | 439,270 | 415,696 | 308,069 |
| Unrestricted | (328,141) | (427,903) | (376,588) | (92,583) | (105,683) | (130,800) | (105,125) | 359,016 | 273,742 |
| Total Governmental Activities Net Assets | $ 8,510,557 | $ 7,356,923 | $ 6,396,696 | $ 6,064,669 | $ 5,784,161 | $ 5,394,630 | $ 4,733,999 | $ 4,113,665 | $ 3,373,243 |
| Business-Type Activities | | | | | | | | | |
| Invested in capital assets, net of related debt | $ 29,493 | $ 36,993 | $ 10,285 | $ 11,700 | $ 9,312 | $ 21,908 | $ 47,085 | $ 72,262 | $ - |
| Restricted | 20,999 | 20,999 | 20,999 | 20,999 | 20,999 | 20,999 | 20,999 | 31,431 | 41,863 |
| Unrestricted | 49,572 | 42,544 | 9,302 | 7,019 | 50,967 | 49,239 | 32,092 | 41,347 | 118,108 |
| Total Business-Type Activities Net Assets | $ 100,064 | $ 100,536 | $ 40,586 | $ 39,718 | $ 81,278 | $ 92,146 | $ 100,176 | $ 145,040 | $ 159,971 |
| District-wide | | | | | | | | | |
| Invested in capital assets, net of related debt | $ 8,314,336 | $ 7,419,111 | $ 6,573,022 | $ 6,092,595 | $ 5,479,904 | $ 4,851,532 | $ 4,446,939 | $ 3,411,215 | $ 2,791,432 |
| Restricted | 574,854 | 423,707 | 231,546 | 97,356 | 440,251 | 716,805 | 460,269 | 447,127 | 349,932 |
| Unrestricted | (278,569) | (385,359) | (367,286) | (85,564) | (54,716) | (81,561) | (73,033) | 400,363 | 391,850 |
| Total District-wide Net Assets | $ 8,610,621 | $ 7,457,459 | $ 6,437,282 | $ 6,104,387 | $ 5,865,439 | $ 5,486,776 | $ 4,834,175 | $ 4,258,705 | $ 3,533,214 |

SOUTH AMBOY BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
*(accrual basis of accounting)*

| | Fiscal Year Ending June 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| **Expenses** | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Regular | $ 7,178,755 | $ 7,682,620 | $ 7,390,206 | $ 7,280,561 | $ 6,677,479 | $ 6,271,349 | $ 5,910,011 | $ 5,875,264 | $ 6,192,011 |
| Special Education | 1,931,783 | 1,996,166 | 1,930,458 | 2,239,866 | 1,842,550 | 1,601,797 | 1,467,357 | 1,324,747 | 1,229,195 |
| Other Special Education | 125,052 | 108,127 | 107,843 | 170,514 | 221,158 | 220,571 | 147,913 | 182,338 | 130,799 |
| Other Instruction | 281,085 | 279,161 | 280,764 | 374,596 | 367,684 | 346,349 | 384,858 | 376,366 | 275,863 |
| Support Services: | | | | | | | | | |
| Tuition | 890,539 | 764,049 | 739,111 | 638,294 | 572,386 | 507,504 | 405,790 | 627,890 | 599,459 |
| Student and Instruction Related Services | 2,199,333 | 2,214,753 | 2,306,857 | 2,690,910 | 2,700,072 | 2,497,053 | 2,173,374 | 2,317,354 | 2,233,251 |
| General and Business Administration Services | 787,335 | 873,835 | 1,012,973 | 743,264 | 884,319 | 1,007,038 | 1,056,078 | 803,711 | 1,013,752 |
| School Administrative Services | 891,351 | 856,744 | 724,495 | 832,977 | 856,567 | 771,085 | 732,999 | 587,031 | 683,809 |
| Plant Operations and Maintenance | 1,486,353 | 1,467,512 | 1,459,434 | 1,389,533 | 1,405,594 | 1,251,822 | 1,269,336 | 1,169,429 | 980,653 |
| Pupil Transportation | 492,918 | 540,031 | 663,073 | 610,366 | 504,173 | 414,807 | 318,984 | 358,797 | 312,990 |
| Capital Outlay | - | - | - | 30,171 | 1,100 | - | - | - | 273,318 |
| Interest on Long-Term Debt | 79,035 | 70,222 | 147,285 | 178,809 | 209,886 | 214,694 | 368,464 | 407,153 | 442,353 |
| Unallocated Depreciation | - | - | - | - | 301,284 | 369,442 | 385,638 | 390,824 | 389,313 |
| Total Governmental Activites Expenses | 16,343,539 | 16,853,220 | 16,762,499 | 17,179,861 | 16,544,252 | 15,473,511 | 14,620,802 | 14,420,904 | 14,756,766 |
| Business-Type Activities: | | | | | | | | | |
| Food Service | 445,217 | 484,806 | 441,389 | 482,335 | 421,463 | 394,074 | 399,361 | 363,577 | 379,051 |
| Total Business-Type Activites Expenses | 445,217 | 484,806 | 441,389 | 482,335 | 421,463 | 394,074 | 399,361 | 363,577 | 379,051 |
| Total District Expenses | $ 16,788,756 | $ 17,338,026 | $ 17,203,888 | $ 17,662,196 | $ 16,965,715 | $ 15,867,585 | $ 15,020,163 | $ 14,784,481 | $ 15,135,817 |
| **Program Revenues** | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| Charges for Services | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 33,249 | $ 20,688 |
| Operating Grants and Contributions | 662,790 | 187,855 | 211,050 | 1,095,516 | 1,086,445 | 1,025,277 | 1,088,178 | 1,088,230 | 1,090,687 |
| Capital Grants and Contributions | - | - | - | - | - | - | - | - | - |
| Total Governmental Activites Expenses | 662,790 | 187,855 | 211,050 | 1,095,516 | 1,086,445 | 1,025,277 | 1,088,178 | 1,121,479 | 1,111,375 |
| Business-Type Activities: | | | | | | | | | |
| Charges for Services | 215,333 | 242,748 | 238,006 | 250,102 | 243,051 | 252,522 | 233,371 | 221,722 | 202,999 |
| Operating Grants and Contributions | 229,304 | 256,124 | 204,251 | 190,673 | 167,544 | 133,367 | 117,032 | 117,679 | 114,768 |
| Capital Grants and Contributions | - | - | - | - | - | - | - | - | - |
| Total Business-Type Activites Expenses | 444,637 | 498,872 | 442,257 | 440,775 | 410,595 | 385,889 | 350,403 | 339,401 | 317,767 |
| Total District Program Revenues | $ 1,107,427 | $ 686,727 | $ 653,307 | $ 1,536,291 | $ 1,497,040 | $ 1,411,166 | $ 1,438,581 | $ 1,460,880 | $ 1,429,142 |
| **Net (Expense)/Revenue** | | | | | | | | | |
| Governmental Activities | $ (15,680,749) | $ (16,665,365) | $ (16,551,449) | $ (16,084,345) | $ (15,457,807) | $ (14,448,234) | $ (13,532,624) | $ (13,299,425) | $ (13,645,391) |
| Business-Type Activities | (580) | 14,066 | 868 | (41,560) | (10,868) | (8,185) | (48,958) | (24,176) | (61,284) |
| Total District-wide Net Expense | $ (15,681,329) | $ (16,651,299) | $ (16,550,581) | $ (16,125,905) | $ (15,468,675) | $ (14,456,419) | $ (13,581,582) | $ (13,323,601) | $ (13,706,675) |

SOUTH AMBOY BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
*(accrual basis of accounting)*

| | Fiscal Year Ending June 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| **General Revenues and Other Changes in Net Assets** | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| Property Taxes Levied For: | | | | | | | | | |
| General Purposes | $ 7,819,292 | $ 7,544,615 | $ 7,254,438 | $ 6,975,421 | $ 6,768,167 | $ 6,638,436 | $ 6,431,401 | $ 6,156,020 | $ 5,300,741 |
| Debt Service | 761,346 | 720,533 | 730,001 | 747,659 | 736,936 | 711,839 | 636,972 | 741,647 | 779,804 |
| Federal and State Aid Not Restricted | 8,235,410 | 9,348,697 | 8,884,047 | 8,720,792 | 8,317,795 | 7,735,759 | 7,062,902 | 7,096,118 | 7,107,109 |
| Investment Earnings | 1,590 | 3,056 | 3,105 | 4,067 | 5,582 | 6,291 | 6,620 | 4,333 | 23,616 |
| Miscellaneous Income | 16,745 | 8,691 | 11,885 | 39,160 | 18,858 | 24,040 | 15,063 | 46,897 | 127,122 |
| Transfer | - | - | - | - | - | (7,500) | - | - | 7,631 |
| Total Governmental Activities | 16,834,383 | 17,625,592 | 16,883,476 | 16,487,099 | 15,847,338 | 15,108,865 | 14,152,958 | 14,045,015 | 13,346,023 |
| Business-Type Activities: | | | | | | | | | |
| Miscellaneous Income | 108 | 45,884 | - | - | - | 155 | 4,094 | 24,910 | 10,083 |
| Transfer | - | - | - | - | - | - | - | - | (7,631) |
| Total Business-Type Activities | 108 | 45,884 | - | - | - | 155 | 4,094 | 24,910 | 2,452 |
| Total District-wide | $ 16,834,491 | $ 17,671,476 | $ 16,883,476 | $ 16,487,099 | $ 15,847,338 | $ 15,109,020 | $ 14,157,052 | $ 14,069,925 | $ 13,348,475 |
| **Change in Net Assets** | | | | | | | | | |
| Governmental Activities | $ 1,153,634 | $ 960,227 | $ 332,027 | $ 402,754 | $ 389,531 | $ 660,631 | $ 620,334 | $ 745,590 | $ (299,368) |
| Business-Type Activities | (472) | 59,950 | 868 | (41,560) | (10,868) | (8,030) | (44,864) | 734 | (58,832) |
| Total District | $ 1,153,162 | $ 1,020,177 | $ 332,895 | $ 361,194 | $ 378,663 | $ 652,601 | $ 575,470 | $ 746,324 | $ (358,200) |

SOUTH AMBOY BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
*(modified accrual basis of accounting)*

| | Fiscal Year Ending June 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| General Fund | | | | | | | | | |
| Reserved | $ 553,851 | $ 402,317 | $ 209,780 | $ 75,590 | $ 418,831 | $ 688,887 | $ 402,263 | $ 284,702 | $ 157,242 |
| Unreserved | (309,372) | (403,363) | (394,141) | (45,030) | (50,204) | (67,530) | (34,202) | 359,016 | 273,742 |
| Total General Fund | $ 244,479 | $ (1,046) | $ (184,361) | $ 30,560 | $ 368,627 | $ 621,357 | $ 368,061 | $ 643,718 | $ 430,984 |
| All Other Governmental Funds | | | | | | | | | |
| Reserved | $ 45 | $ 346 | $ 421 | $ 421 | $ - | $ 14,296 | $ 109,268 | $ - | $ 14,004 |
| Unreserved, Reported In: | | | | | | | | | |
| Capital Projects Fund | - | - | - | - | - | - | - | - | 136,051 |
| Debt Service Fund | (41) | (298) | (30) | 346 | 421 | (7,377) | (72,261) | 130,994 | 772 |
| Total All Other Governmental Funds | $ 4 | $ 48 | $ 391 | $ 767 | $ 421 | $ 6,919 | $ 37,007 | $ 130,994 | $ 150,827 |

SOUTH AMBOY BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
*(modified accrual basis of accounting)*

| Fiscal Year Ending June 30, | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | | |
| Local Sources: | | | | | | | | | |
| Local Tax Levy | $ 8,580,638 | $ 8,265,148 | $ 7,984,439 | $ 7,723,080 | $ 7,505,103 | $ 7,350,275 | $ 7,068,373 | $ 6,897,667 | $ 6,080,545 |
| Tuition | - | - | - | - | - | - | - | 33,249 | 20,688 |
| Interest In Investments | 1,590 | 3,056 | 3,105 | 4,067 | 5,582 | 6,291 | 6,620 | 4,333 | 23,616 |
| Miscellaneous | 16,745 | 11,941 | 14,835 | 39,160 | 18,858 | 24,040 | 15,063 | 46,897 | 34,077 |
| Intermediate Sources | - | - | - | - | - | - | - | 5,443 | 1,800 |
| State Sources | 7,979,969 | 7,638,297 | 8,374,709 | 9,118,513 | 8,545,665 | 8,126,019 | 7,492,163 | 7,539,610 | 7,574,600 |
| Federal Sources | 918,231 | 1,895,005 | 717,438 | 697,795 | 858,575 | 635,017 | 658,917 | 639,295 | 621,396 |
| Total Revenues | 17,497,173 | 17,813,447 | 17,094,526 | 17,582,615 | 16,933,783 | 16,141,642 | 15,241,136 | 15,166,494 | 14,356,722 |
| **Expenditures:** | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Regular | 5,275,156 | 5,623,409 | 5,386,679 | 5,334,754 | 5,187,431 | 5,094,077 | 5,046,539 | 4,775,831 | 5,100,977 |
| Special Education | 1,375,783 | 1,429,821 | 1,384,675 | 1,568,959 | 1,310,239 | 1,208,597 | 1,089,695 | 1,004,647 | 954,927 |
| Other Special Education | 88,998 | 77,755 | 77,975 | 119,668 | 157,396 | 166,395 | 110,155 | 138,686 | 101,532 |
| Other Instruction | 216,757 | 214,379 | 214,637 | 280,336 | 281,888 | 277,402 | 311,078 | 323,681 | 233,414 |
| Support Services: | | | | | | | | | |
| Tuition | 890,539 | 764,049 | 739,111 | 638,294 | 572,386 | 507,504 | 405,790 | 627,890 | 599,459 |
| Student and Instructional Related Services | 1,804,601 | 1,814,504 | 1,859,513 | 2,188,958 | 2,215,701 | 2,132,957 | 1,809,125 | 1,967,647 | 1,949,002 |
| General and Business Administration Services | 746,203 | 710,835 | 700,674 | 628,490 | 699,076 | 696,539 | 885,145 | 628,996 | 739,216 |
| School Administrative Services | 642,022 | 621,623 | 526,443 | 589,430 | 616,783 | 587,038 | 547,217 | 446,759 | 534,429 |
| Plant Operations and Maintenance | 1,254,456 | 1,251,146 | 1,260,370 | 1,177,360 | 1,202,214 | 1,086,637 | 1,090,326 | 1,021,273 | 867,171 |
| Pupil Transportation | 429,335 | 486,234 | 607,232 | 551,333 | 449,158 | 377,602 | 290,533 | 346,261 | 301,694 |
| Employee Benefits | 3,377,104 | 3,515,447 | 3,418,638 | 3,652,763 | 3,326,436 | 2,580,057 | 2,626,510 | 2,297,116 | 2,118,982 |
| Capital Outlay | 63,249 | 7,728 | 3,136 | 32,730 | 1,100 | 3,329 | 220,596 | 200,638 | 691,141 |
| Debt Service: | | | | | | | | | |
| Interest and Other Charges | 86,963 | 123,019 | 155,214 | 186,735 | 217,677 | 222,347 | 297,541 | 328,645 | 358,864 |
| Principal | 1,000,526 | 990,526 | 975,526 | 970,526 | 955,526 | 970,453 | 880,530 | 865,523 | 850,526 |
| Total Expenditures | 17,251,692 | 17,630,475 | 17,309,823 | 17,920,336 | 17,193,011 | 15,910,934 | 15,610,780 | 14,973,593 | 15,401,334 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 245,481 | 182,972 | (215,297) | (337,721) | (259,228) | 230,708 | (369,644) | 192,901 | (1,044,612) |
| **Other Financing Sources (Uses):** | | | | | | | | | |
| Transfers In | - | - | - | - | - | 31,651 | - | 129,953 | 18,208 |
| Transfers Out | - | - | - | - | - | (31,651) | - | (129,953) | (10,577) |
| Proceeds of Refunding Bonds | - | - | - | - | - | (7,500) | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | (7,500) | - | - | 7,631 |
| Net Change in Fund Balance | $ 245,481 | $ 182,972 | $ (215,297) | $ (337,721) | $ (259,228) | $ 223,208 | $ (369,644) | $ 192,901 | $ (1,036,981) |
| Debt service as a percentage of noncapital expenditures | 6.33% | 6.32% | 6.53% | 6.47% | 6.82% | 7.50% | 7.65% | 8.08% | 8.22% |

**Source: District records**

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

SOUTH AMBOY BOARD OF EDUCATION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST NINE FISCAL YEARS
*(modified accrual basis of accounting)*

| Fiscal Year Ending June 30, | Interest | Tuition | Miscellaneous | Annual Total |
|---|---|---|---|---|
| 2011 | $ 1,590 | $ - | $ 16,745 | $ 18,335 |
| 2010 | 3,056 | - | 8,691 | 11,747 |
| 2009 | 3,060 | - | 11,885 | 14,945 |
| 2008 | 3,722 | - | 39,160 | 42,882 |
| 2007 | 5,582 | - | 18,560 | 24,142 |
| 2006 | 6,168 | - | 24,040 | 30,208 |
| 2005 | 6,547 | - | 839 | 7,386 |
| 2004 | 3,697 | 33,249 | 46,897 | 83,843 |
| 2003 | 17,664 | 20,688 | 127,122 | 165,474 |

Source: District records

## *REVENUE CAPACITY*

SOUTH AMBOY BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND SEVEN YEARS AGO

| Taxpayer | Taxed Assessed Value 2009 | Taxed Assessed Value 2003 |
|---|---|---|
| Baker Residential | $ 9,182,200 | $ - |
| Peter Mocco | 8,282,900 | - |
| Reliant Energy NJ Holdings, LLC | 8,207,100 | 4,400,000 |
| Gillette Enterprises, Inc. | 6,072,700 | 826,800 |
| Rocky Top LLC | 5,426,900 | - |
| Great Lakes Dredge & Dock Co. | 4,707,000 | 1,116,200 |
| New South Amboy Development | 3,529,800 | - |
| S.A. Concrete Specialties, Inc. | 3,000,000 | 1,416,300 |
| Ster Construction | 2,647,800 | - |
| D&J Leasing, Inc | 2,597,300 | - |
| E&J Vaccaro | 2,508,400 | 714,000 |
| Lower Main St. Development, LLC | 2,244,000 | - |
| A&D Holding Company | 2,179,000 | 550,000 |
| Was Terminals | 2,021,800 | - |
| Richard Olchaskey | 1,994,900 | - |
| Peter M. Mocco, et als. | 1,949,000 | - |
| Victor Joseph | 1,924,600 | - |
| Helank LLC | 1,827,500 | - |
| JCP&L c/o GPU | 1,794,700 | - |
| Lorraine Mocco | 1,787,600 | - |
| H. Paczkowski (Foodtown) | - | 687,000 |
| Stevendale Realty | - | 540,000 |
| A&E Corp of America | - | 508,000 |
| SA Partnership | - | 469,800 |
| First Union National Bank | - | 454,400 |
| Total | $ 73,885,200 | $ 11,682,500 |

**Source:** Municipal Tax Assessor

SOUTH AMBOY BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

| Year Ended December 31, | Taxes Levied for the Fiscal Year | Collected Within the Fiscal year of the Levy [a] | | Collections in Subsequent Years |
|---|---|---|---|---|
| | | Amount | Percentage of Levy | |
| 2010 | $ 8,422,893 | $ 8,422,893 | 100.00% | N/A |
| 2009 | 8,124,794 | 8,124,794 | 100.00% | N/A |
| 2008 | 7,863,309 | 7,863,309 | 100.00% | $ - |
| 2007 | 15,699,395 | 15,675,104 | 99.85% | - |
| 2006 | 13,702,690 | 13,678,051 | 99.82% | N/A |
| 2005 | 13,320,222 | 13,103,547 | 98.37% | N/A |
| 2004 | 11,714,065 | 11,701,738 | 99.89% | N/A |
| 2003 | 10,332,371 | 10,325,586 | 99.93% | N/A |
| 2002 | 10,312,497 | 10,271,672 | 99.60% | N/A |
| 2001 | 8,905,268 | 8,474,789 | 95.17% | N/A |

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

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

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

# *DEBT CAPACITY*

# SOUTH AMBOY BOARD OF EDUCATION
## RATIOS OF OUTSTANDING DEBT BY TYPE
## LAST NINE FISCAL YEARS

| | Governmental Activities | | | | Business-Type Activities | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ended June 30, | General Obligation Bonds [b] | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANS) | Capital Leases | Total District | Percentage of Personal Income [a] | Per Capita [a] |
| 2011 | $ 1,104,000 | $ - | $ - | $ - | $ - | $ 1,104,000 | 0.00% | $ - |
| 2010 | 1,504,000 | - | 215,000 | - | - | 1,719,000 | 0.00% | - |
| 2009 | 1,909,000 | - | 415,000 | - | - | 2,324,000 | 0.00% | - |
| 2008 | 2,319,000 | - | 600,000 | - | - | 2,919,000 | 0.00% | - |
| 2007 | 2,734,000 | - | 775,073 | - | - | 3,509,073 | 0.00% | - |
| 2006 | 3,149,000 | - | 935,073 | - | - | 4,084,073 | 0.00% | - |
| 2005 | 3,569,000 | - | 1,100,000 | - | - | 4,669,000 | 0.00% | - |
| 2004 | 3,944,000 | - | 1,255,000 | - | - | 5,199,000 | 0.00% | - |
| 2003 | 4,314,000 | - | 1,598,771 | - | - | 5,912,771 | 0.00% | - |

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

**a** See J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**b** Includes Early Retirement Incentive Plan (ERIP) refunding.

# SOUTH AMBOY BOARD OF EDUCATION
## RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
## LAST NINE FISCAL YEARS

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding: General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value [a] of Property | Per Capita [a] |
|---|---|---|---|---|---|
| 2011 | $ 1,104,000 | $ - | $ 1,104,000 | 0.00% | $ - |
| 2010 | 1,504,000 | - | 1,504,000 | 0.00% | - |
| 2009 | 1,909,000 | - | 1,909,000 | 0.00% | - |
| 2008 | 2,319,000 | - | 2,319,000 | 0.00% | - |
| 2007 | 2,734,000 | - | 2,734,000 | 0.00% | - |
| 2006 | 3,149,000 | - | 3,149,000 | 0.00% | - |
| 2005 | 3,569,000 | - | 3,569,000 | 0.00% | - |
| 2004 | 3,944,000 | - | 3,944,000 | 0.00% | - |
| 2003 | 4,314,000 | - | 4,314,000 | 0.00% | - |

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

**a** See J-6 for property tax data.
**b** Population data can be found in J-14.

SOUTH AMBOY BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable [a] | Estimated Share of Overlapping Debt |
|---|---|---|---|
| Debt Repaid With Property Taxes | | | |
| South Amboy Municipality | N/A | 0.000% | N/A |
| Middlesex County General Obligation Debt | N/A | 0.000% | N/A |
| Other Debt | | | |
| Municipal Water Authority - South Amboy District's Share | N/A | 0.000% | N/A |
| Subtotal, Overlapping Debt | | | - |
| **South Amboy District Direct Debt** | | | N/A |
| **Total Direct and Overlapping Debt** | | | $ - |

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

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

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

SOUTH AMBOY BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST NINE FISCAL YEARS

**Legal Debt Margin Calculation for Fiscal Year 2011**

| Equalized Valuation Basis | | |
|---|---|---|
| 2011 | $ - | |
| 2010 | - | |
| 2009 | - | |
| | $ - | |
| Average Equalized Valuation of Taxable Property | $ - | |
| Debt Limit (4% of Average Equalization Value) | - | a |
| Total Net Debt Applicable To Limit | 1,104,000 | |
| Legal Debt Margin | $ (1,104,000) | |

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|---|---|---|
| Debt Limit | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Total Net Debt Applicable to Limit | 1,104,000 | 1,504,000 | 1,909,000 | 2,319,000 | 2,734,000 | 3,149,000 | 3,569,000 | 3,944,000 | 4,314,000 |
| Legal Debt Margin | $ (1,104,000) | $ (1,504,000) | $ (1,909,000) | $ (2,319,000) | $ (2,734,000) | $ (3,149,000) | $ (3,569,000) | $ (3,944,000) | $ (4,314,000) |
| Total Net Debt Applicable to the Limit As a Percentage of Debt Limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

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

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

# *DEMOGRAPHIC AND ECONOMIC INFORMATION*

# SOUTH AMBOY BOARD OF EDUCATION
## DEMOGRAPHIC AND ECONOMIC STATISTICS
## LAST TEN FISCAL YEARS

| Year Ended December 31, | Population [a] | Personal Income [b] | Per Capita Personal Income [c] | Unemployment Rate [d] |
|---|---|---|---|---|
| 2009 | 7,770 | N/A | N/A | 8.4% |
| 2008 | 7,777 | N/A | N/A | 5.4% |
| 2007 | 7,819 | N/A | N/A | 4.0% |
| 2006 | 7,830 | N/A | $ 44,022 | 4.6% |
| 2005 | 7,924 | N/A | 40,978 | 4.5% |
| 2004 | 7,951 | N/A | 39,621 | 4.1% |
| 2003 | 7,960 | N/A | 38,517 | 2.8% |
| 2002 | 7,957 | N/A | 38,107 | 2.8% |
| 2001 | 7,940 | N/A | 37,849 | 3.7% |
| 2000 | 7,913 | N/A | 36,492 | N/A |

**Source:**

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

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

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

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

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

SOUTH AMBOY BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

| | 2011 | | | 2001 | | |
|---|---|---|---|---|---|---|
| Employer | Employees | Rank | Percentage of Total Municipal Employment | Employees | Rank | Percentage of Total Municipal Employment |
| Company | N/A | | N/A | N/A | | N/A |
| Individual | N/A | | N/A | N/A | | N/A |
| | - | | 0.00% | - | | 0.00% |

Source: _____

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

## *OPERATING INFORMATION*

SOUTH AMBOY BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

| Function/Program | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| Instruction: | | | | | | | | | | |
| Regular | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Special Education | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Other Special Education | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Other Instruction | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Support Services: | | | | | | | | | | |
| Tuition | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Student and Instruction Related Services | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| General and Business Administration Services | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| School Administrative Services | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Plant Operations and Maintenance | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Pupil Transportation | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Special Schools | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Food Service | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total | - | - | - | - | - | - | - | - | - | - |

**Source:** District Personnel Records

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

SOUTH AMBOY BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS

| Fiscal Year | Enrollment | Operating Expenditures [a] | Cost Per Pupil | Percentage Change | Teaching Staff [b] | Pupil/ Teacher Ratio | Average Daily Enrollment (ADE) [c] | Average Daily Attendance (ADA) [c] | Percent Change in Average Daily Enrollment | Student Attendance Percentage |
|---|---|---|---|---|---|---|---|---|---|---|
| 2011 | 1,154 | $ 16,100,954 | $ 13,952 | 0.82% | N/A | N/A | 1,154 | 1,154 | -3.38% | 100.00% |
| 2010 | 1,193 | 16,509,202 | 13,838 | -4.78% | N/A | N/A | 1,193 | 1,193 | 7.88% | 100.00% |
| 2009 | 1,113 | 16,175,947 | 14,534 | -2.62% | 102 | N/A | 1,099 | 1,037 | -2.00% | 94.36% |
| 2008 | 1,121 | 16,730,345 | 14,924 | 9.10% | 101 | N/A | 1,121 | 1,081 | -4.46% | 96.43% |
| 2007 | 1,171 | 16,018,708 | 13,680 | 6.63% | N/A | N/A | 1,171 | 1,142 | 2.05% | 97.52% |
| 2006 | 1,147 | 14,714,805 | 12,829 | 3.27% | 171 | 2:21.9 | 1,147 | 1,100 | 0.26% | 95.90% |
| 2005 | 1,144 | 14,212,113 | 12,423 | 6.04% | 171 | 2:21.9 | 1,144 | 1,106 | -1.31% | 96.68% |
| 2004 | 1,159 | 13,578,787 | 11,716 | 0.66% | N/A | N/A | 1,159 | 1,106 | -0.09% | 95.43% |
| 2003 | 1,160 | 13,500,803 | 11,639 | 628.96% | N/A | N/A | 1,160 | 1,081 | -1.21% | 93.19% |
| 2002 | 1,174 | 1,874,427 | 1,597 | 25.79% | N/A | N/A | 1,174 | 1,098 | -3.24% | 93.53% |

**Sources: District records**

**Note: Enrollment based on annual October District count.**

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

SOUTH AMBOY BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|---|---|---|---|---|
| **District Building** | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| South Amboy Elementary School | | | | | | | | | | |
| Square Feet | N/A | 58,934 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Capacity (students) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Enrollment | N/A | 646 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Middle/High School | | | | | | | | | | |
| Governor Harold G Hoffman Middle/High School | | | | | | | | | | |
| Square Feet | N/A | 114,335 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Capacity (students) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Enrollment | N/A | 508 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

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

**Source: District Facilities Office**
Note: Increases in square footage and capacity are the result of and additions.
Enrollment is based on the annual October District count.

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

SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

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

| * School Facilities | Project # (s) | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Elementary School | N/A | $ 37,602 | N/A | N/A | N/A | N/A | N/A | $ 48,136 | $ 218,757 | $ 186,883 | $ 174,857 |
| High School | N/A | 9,325 | N/A | N/A | N/A | N/A | N/A | 93,452 | 418,211 | 357,277 | 334,285 |
| Total School Facilities | | 46,927 | - | - | - | - | - | 141,588 | 636,968 | 544,160 | 509,142 |
| Other Facilities | NA | - | N/A | N/A | N/A | N/A | N/A | - | 6,434 | 5,497 | 5,143 |
| Grand Total | | $ 46,927 | - | - | - | - | - | $ 141,588 | $ 643,402 | $ 549,657 | $ 514,285 |

* 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

SOUTH AMBOY BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2011

| | Coverage | Deductible |
|---|---|---|
| Middlesex County Municipal Joint Insurance Fund Risk Management Plan | | |
| Property (Blanket Building and Contents Scheduled) | $ 37,837,000 | $ 1,000 |
| Boilers & Machinery | 25,000,000 | 1,000 |
| Equipment Floater (Scheduled) | Included | 1,000 |
| Auto Physical Damage (incl. Garage Keepers Legal Liability) Scheduled | Actual Cash Value | 250/500 |
| Blanket Bond | 1,000,000 | 1,000 |
| Auto Liability (incl. Garage Keepers Legal Liability) | 11,000,000 | |
| General Liability | 11,000,000 | |
| Educator's Legal Liability | 6,000,000 | |
| Public Official Liability | 11,000,000 | |
| Workers Comp. | Statutory | |
| Employer's Liability | 11,000,000 | |

Source: South Amboy Board of Education

***SINGLE AUDIT SECTION***

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

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

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

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

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

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

September 30, 2011

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

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

**Compliance**

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit* Organization; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School District's compliance with those requirements.

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

**Internal Control over Compliance**

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School District's responses and, accordingly, we express no opinion on the responses.

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

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

September 30, 2011

SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE, 30, 2011

| Federal Grantor/Pass-through Grantor/ Program Title | Federal CFDA Number | Grant or State Project Number | Program or Award Amount | Grant Period From | Grant Period To | Balance at June 30, 2010 | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment Of Prior Years' Balances | Balance at June 30, 2011 Accounts Receivable | Balance at June 30, 2011 Deferred Revenue | Balance at June 30, 2011 Due to Grantor |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **U.S. Department of Education** | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | |
| Medical Assistance Program | 93.778 | N/A | $ 22,112 | 7/1/10 | 6/30/11 | $ - | $ - | $ 14,207 | $ (22,112) | $ - | $ - | $ (7,905) | $ - | $ - |
| Total General Fund | | | | | | - | - | 14,207 | (22,112) | - | - | (7,905) | - | - |
| **U.S. Department of Education** | | | | | | | | | | | | | | |
| **Passed-through State Department of Education** | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | |
| Title I | 84.010 | NCLB 2011 | 253,324 | 9/1/10 | 8/31/11 | | | 135,291 | (248,269) | | | (112,978) | | |
| Title I - Carryover | 84.010 | NCLB 2010 | 232,815 | 9/1/09 | 8/31/10 | (25,313) | | 25,313 | | | | | | |
| Title I - Carryover | 84.010 | NCLB 2009 | 237,612 | 9/1/08 | 8/31/09 | (8,699) | | 21,462 | (12,763) | | | | | |
| I.D.E.A. Part B, Basic | 84.027 | IDEA 2011 | 370,762 | 9/1/10 | 8/31/11 | | | 185,750 | (370,762) | | | (185,012) | | |
| I.D.E.A. Part B, Basic - Carryover | 84.027 | IDEA 2010 | 365,249 | 9/1/09 | 8/31/10 | (145,284) | | 145,284 | | | | | | |
| I.D.E.A. Part B, Preschool | 84.173 | IDEA 2011 | 8,137 | 9/1/10 | 8/31/11 | | | 6,917 | (7,709) | | | (792) | | |
| I.D.E.A. Part B, Preschool - Carryover | 84.173 | IDEA 2010 | 7,541 | 9/1/09 | 8/31/10 | (2,263) | | 14,027 | (11,764) | | | | | |
| Title III NCLB | 84.365A | NCLB 2011 | 21,422 | 9/1/10 | 8/31/11 | | | 20,811 | (20,959) | | | (148) | | |
| Title III NCLB - Carryover | 84.365A | NCLB 2010 | 16,437 | 9/1/09 | 8/31/10 | (4,840) | | 4,840 | | | | | | |
| Title III NCLB - Carryover | 84.365A | NCLB 2009 | 26,183 | 9/1/08 | 8/31/09 | (580) | | 746 | (166) | (3) | | | 3 | |
| Title II A NCLB | 84.367A | NCLB 2011 | 72,354 | 9/1/10 | 8/31/11 | | | 71,705 | (72,354) | | | (649) | | |
| Title II A NCLB - Carryover | 84.367A | NCLB 2010 | 69,705 | 9/1/09 | 8/31/10 | (20,179) | | 20,179 | | | | | | |
| Title II A NCLB - Carryover | 84.367A | NCLB 2009 | 72,395 | 9/1/08 | 8/31/09 | (1,499) | | 3,671 | (2,172) | | | | | |
| Title II D NCLB | 84.318 | NCLB 2011 | 618 | 9/1/10 | 8/31/11 | | | 618 | (618) | | | | | |
| Title II D NCLB | 84.318 | NCLB 2010 | 2,275 | 9/1/09 | 8/31/10 | (864) | | 864 | | | | | | |
| Title II D NCLB - Carryover | 84.318 | NCLB 2009 | 1,974 | 9/1/08 | 8/31/09 | (1,711) | | 1,787 | (76) | | | | | |
| Title IV - Carryover | 84.186 | NCLB 2010 | 5,024 | 9/1/09 | 8/31/10 | (1,122) | | 1,122 | | | | | | |
| Title IV - Carryover | 84.186 | NCLB 2009 | 5,584 | 9/1/08 | 8/31/09 | (156) | | 162 | (6) | | | | | |
| ARRA-Title I | 84.389 | ARRA 2011 | 64,849 | 7/1/09 | 8/31/11 | (1,074) | | 34,289 | (33,215) | | | | | |
| ARRA-I.D.E.A. Part B, Basic | 84.391 | ARRA 2011 | 384,035 | 7/1/09 | 8/31/11 | (22,936) | | 186,842 | (163,906) | | | | | |
| Total Special Revenue Fund | | | | | | (236,520) | - | 881,680 | (944,739) | (3) | - | (299,579) | 3 | - |
| **U.S. Department of Agriculture** | | | | | | | | | | | | | | |
| **Passed-through State Department of Education** | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | |
| Food Distribution Program | 10.550 | N/A | 22,984 | 7/1/10 | 6/30/11 | | | 22,984 | (22,984) | | | | | |
| School Breakfast Program | 10.553 | N/A | 18,434 | 7/1/10 | 6/30/11 | | | 17,152 | (18,434) | | | (1,282) | | |
| School Breakfast Program | 10.553 | N/A | 17,315 | 7/1/09 | 6/30/10 | (1,378) | | 1,378 | | | | | | |
| National School Lunch Program | 10.555 | N/A | 182,404 | 7/1/10 | 6/30/11 | | | 173,649 | (182,404) | | | (8,755) | | |
| National School Lunch Program | 10.555 | N/A | 179,633 | 7/1/09 | 6/30/10 | (11,251) | | 11,251 | | | | | | |
| Total Enterprise Fund | | | | | | (12,629) | - | 226,414 | (223,822) | - | - | (10,037) | - | - |
| Sub-Total Federal Financial Awards | | | | | | $ (249,149) | $ - | $ 1,122,301 | $ (1,190,673) | $ (3) | $ - | $ (317,521) | $ 3 | $ - |

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

SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE, 30, 2011

| State Grantor/Program Title | Grant Number | Program or Award Amount | Grant Period From | Grant Period To | Balance at June 30, 2010 Deferred Revenue (Accounts Receivable) | Balance at June 30, 2010 Due to Grantor | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments/ Repayment of Prior Year's Balance | Balance at June 30, 2011 (Accounts Receivable) | Balance at June 30, 2011 Deferred Revenue/ Interfund Payable | Balance at June 30, 2011 Due to Grantor | MEMO Budgetary Receivable | MEMO Cumulative Total Expenditures |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **State Department of Education** | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | |
| Transportation Aid | 10-495-034-5120-014 | $ 183,451 | 7/1/09 | 6/30/10 | $ (18,895) | $ - | $ - | $ 18,895 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Special Education Aid | 11-495-034-5120-089 | 634,381 | 7/1/10 | 6/30/11 | | | | 559,988 | (634,381) | | (74,393) | | | 74,393 | 634,381 |
| Special Education Aid | 10-495-034-5120-089 | 599,987 | 7/1/09 | 6/30/10 | (61,796) | | | 61,796 | | | | | | | |
| Extraordinary Aid | 11-100-034-5120-473 | 110,441 | 7/1/10 | 6/30/11 | | | | 86,567 | (110,441) | | (23,874) | | | 23,874 | 110,441 |
| Equalization Aid | 11-495-034-5120-078 | 5,267,672 | 7/1/10 | 6/30/11 | | | | 4,649,936 | (5,267,672) | | (617,736) | | | 617,736 | 5,267,672 |
| Equalization Aid | 10-495-034-5120-078 | 5,111,334 | 7/1/09 | 6/30/10 | (526,446) | | | 526,446 | | | | | | | |
| Security Aid | 10-495-034-5120-084 | 195,535 | 7/1/09 | 6/30/10 | (20,139) | | | 20,139 | | | | | | | |
| Adjustment Aid | 10-495-034-5120-085 | 523,858 | 7/1/09 | 6/30/10 | (53,955) | | | 53,955 | | | | | | | |
| On-Behalf TPAF Pension Contributions | 11-495-034-5095-006 | 496,129 | 7/1/10 | 6/30/11 | | | | 496,129 | (496,129) | | | | | | 496,129 |
| Reimbursed TPAF Social Security Contributions | 11-495-034-5095-002 | 506,903 | 7/1/10 | 6/30/11 | | | | 506,903 | (506,903) | | | | | | 506,903 |
| Total General Fund | | | | | (681,231) | - | - | 6,980,754 | (7,015,526) | - | (716,003) | - | - | 716,003 | 7,015,526 |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| Preschool Education Aid | 11-495-034-5120-086 | 368,940 | 7/1/10 | 6/30/11 | | | | 368,940 | (350,859) | | | 18,081 | | | 350,859 |
| New Jersey Nonpublic Aid: | | | | | | | | | | | | | | | |
| Textbooks Aid | 11-100-034-5120-064 | 30,296 | 7/1/10 | 6/30/11 | | | | 30,296 | (30,296) | | | | | | 30,296 |
| Textbooks Aid | 10-100-034-5120-064 | 40,558 | 7/1/09 | 6/30/10 | | 35 | | | | 35 | | | | | |
| Nursing | 11-100-034-5120-070 | 35,898 | 7/1/10 | 6/30/11 | | | | 35,898 | (35,898) | | | | | | 35,898 |
| Auxiliary Services: | | | | | | | | | | | | | | | |
| Compensatory Education | 11-100-034-5120-067 | 114,706 | 7/1/10 | 6/30/11 | | | | 114,706 | (114,706) | | | | | | 114,706 |
| English as Second Language | 11-100-034-5120-067 | 9,391 | 7/1/10 | 6/30/11 | | | | 9,391 | (9,391) | | | | | | 9,391 |
| Transportation | 11-100-034-5120-068 | 15,791 | 7/1/10 | 6/30/11 | | | | 15,791 | (15,791) | | | | | | 15,791 |
| Handicapped Services: | | | | | | | | | | | | | | | |
| Examination and Classification | 11-100-034-5120-066 | 42,411 | 7/1/10 | 6/30/11 | | | | 42,411 | (42,411) | | | | | | 42,411 |
| Examination and Classification | 10-100-034-5120-066 | 52,829 | 7/1/09 | 6/30/10 | | 3,663 | | | | 3,663 | | | | | |
| Corrective Speech | 11-100-034-5120-066 | 13,299 | 7/1/10 | 6/30/11 | | | | 13,299 | (13,299) | | | | | | 13,299 |
| Corrective Speech | 10-100-034-5120-066 | 18,831 | 7/1/09 | 6/30/10 | | 10,760 | | | | 10,760 | | | | | |
| Supplemental Instruction | 11-100-034-5120-066 | 28,905 | 7/1/10 | 6/30/11 | | | | 28,905 | (28,905) | | | | | | 28,905 |
| Supplemental Instruction | 10-100-034-5120-066 | 43,007 | 7/1/09 | 6/30/10 | | 11,946 | | | | 11,946 | | | | | |
| Home Instruction | 11-100-034-5120-066 | 7,835 | 7/1/10 | 6/30/11 | | | | | (7,835) | | (7,835) | | | 7,835 | 7,835 |
| Home Instruction | 10-100-034-5120-066 | 8,345 | 7/1/09 | 6/30/10 | (8,345) | | | 8,345 | | | | | | | |
| Total Special Revenue Fund | | | | | (8,345) | 26,404 | - | 667,982 | (649,391) | 26,404 | (7,835) | 18,081 | - | 7,835 | 649,391 |
| Debt Service Fund: | | | | | | | | | | | | | | | |
| Debt Service Aid Type II | 11-495-034-5120-017 | 326,099 | 7/1/10 | 6/30/11 | | | | 326,099 | (326,099) | | | | | | 326,099 |
| Total Debt Service Fund | | | | | - | - | - | 326,099 | (326,099) | - | - | - | - | - | 326,099 |
| **State Department of Agriculture** | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | |
| State School Breakfast Program | 10-100-010-3350-021 | 1,300 | 7/1/09 | 6/30/10 | (104) | | | 104 | | | | | | | |
| State School Lunch Program | 11-100-010-3350-023 | 5,482 | 7/1/10 | 6/30/11 | | | | 5,207 | (5,482) | | (275) | | | 275 | 5,482 |
| State School Lunch Program | 10-100-010-3350-023 | 8,946 | 7/1/09 | 6/30/10 | (550) | | | 550 | | | | | | | |
| Total Enterprise Fund | | | | | (654) | - | - | 5,861 | (5,482) | - | (275) | - | - | 275 | 5,482 |
| Total State Financial Assistance | | | | | $ (690,230) | $ 26,404 | $ - | $ 7,980,696 | $ (7,996,498) | $ 26,404 | $ (724,113) | $ 18,081 | $ - | $ 724,113 | $ 7,996,498 |

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

**SOUTH AMBOY BOARD OF EDUCATION**
**NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE**
**JUNE 30, 2011**

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## ***NOTE 1. GENERAL***

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the South Amboy Board of Education. The Board of Education is defined in Note 1 to the board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

## ***NOTE 2. BASIS OF ACCOUNTING***

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

## ***NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS***

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the

**SOUTH AMBOY BOARD OF EDUCATION**
**NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE**
**JUNE 30, 2011**

## *NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)*

GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2. The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($10,898) for the general fund and $48,769 for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

| | Federal | State | Total |
|---|---|---|---|
| General Fund | $ 22,112 | $ 7,004,628 | $ 7,026,740 |
| Special Revenue Fund | 896,119 | 649,242 | 1,545,361 |
| Debt Service Fund | - | 326,099 | 326,099 |
| Food Service Fund | 223,822 | 5,482 | 229,304 |
| Total Awards & Financial Assistance | $ 1,142,053 | $ 7,985,451 | $ 9,127,504 |

## *NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS*

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

## *NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING*

South Amboy Board of Education has the following loan balances outstanding at June 30, 2011:

| Loan Program Title | Federal CFDA Number | Amount Outstanding |
|---|---|---|
| Economic Development Agency | N/A | $ 1,066,579 |

**SOUTH AMBOY BOARD OF EDUCATION**
**NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE**
**JUNE 30, 2011**

## *NOTE 6. OTHER*

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

## *NOTE 7. SCHOOLWIDE PROGRAM FUNDS*

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

| Program | Total |
|---|---|
| Title I, Part A: *Improving Basic Programs Operated by Local Education Agencies* | $ 248,269 |
| Title II, Part A: *Teacher and Principal Training and Recruiting* | 72,354 |
| Title II, Part D: *Enhancing Education Through Technology* | 618 |
| Total | $ 321,241 |

# SOUTH AMBOY BOARD OF EDUCATION
# SCHEDULE OF FINDINGS AND QUESTIONED COSTS
# FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**Financial Statements**

| | | |
|---|---|---|
| Type of auditor's report issued | | Unqualified |
| Internal control over financial reporting: | | |
| 1) Material weakness(es) identified? | _____ Yes | __X__ No |
| 2) Significant deficiencies identified? | _____ Yes | __X__ None Reported |
| Noncompliance material to basic financial statements noted? | _____ Yes | __X__ No |

**Federal Awards**

| | | |
|---|---|---|
| Internal Control over major programs: | | |
| 1) Material weakness(es) identified? | _____ Yes | __X__ No |
| 2) Significant deficiencies identified? | _____ Yes | __X__ None Reported |
| Type of auditor's report issued on compliance for major programs | | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? | _____ Yes | __X__ No |

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 84.010 | Title I |
| 84.027 | I.DE.A. Part B Basic |
| 84.391 | ARRA – IDEA |
| 10.555 | National School Lunch Program |

| | | |
|---|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | | $300,000 |
| Auditee qualified as low-risk auditee? | __X__ Yes | _____ No |

SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**State Awards**

| | | |
|---|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | | $300,000 |
| Auditee qualified as low-risk auditee? | __X__ Yes | _____ No |
| Internal Control over major programs: | | |
| 1) Material weakness(es) identified? | _____ Yes | __X__ No |
| 2) Significant deficiencies that are not considered to be material weaknesses? | _____ Yes | __X__ None Reported |
| Type of auditor's report issued on compliance for major programs | | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? | _____ Yes | __X__ No |

Identification of major state programs:

| GMIS Number(s) | Name of State Program |
|---|---|
| 11-495-034-5120-078 | Equalization Aid |
| 11-495-034-5120-089 | Special Education Aid |
| 11-495-034-5120-086 | Preschool Education Aid |
| 11-495-034-5120-017 | Debt Service Aid Type II |

SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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***Section II – Financial Statement Findings***

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

**Finding**

There were no matters reported.

SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

**FEDERAL AWARDS**

**Findings**

There were no matters reported.

**STATE AWARDS**

**Findings**

There were no matters reported.

SOUTH AMBOY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

## STATUS OF PRIOR-YEAR FINDINGS

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 (.315(a)(b)) and NJOMB's Circular 04-04.

### Findings

There were no matters reported.