SAYREVILLE BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Sayreville, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Sayreville Board of Education

Sayreville, New Jersey

For The Fiscal Year Ended June 30, 2010

Prepared by

Business Office

SAYREVILLE BOARD OF EDUCATION
TABLE OF CONTENTS

		Page
INTRODUCTORY SECTION		
Letter of Transmittal		i-iv
Organizational Chart		v
Roster of Officials		vi
Consultants and Advisors		vii
FINANCIAL SECTION		
Independent Auditors' Report		1-2
REQUIRED SUPPLEMENTARY INFORMATION- PART I		
Management's Discussion and Analysis		3-14
Basic Financial Statements		
A. District-Wide Financial Statements		
A-1	Statement of Net Assets	15
A-2	Statement of Activities	16-17
B. Fund Financial Statements		
Governmental Funds		
B-1	Balance Sheet	18
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	19
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Funds		
B-4	Statement of Net Assets	21
B-5	Combining Statement of Revenues, Expenses, and Changes in Net Assets	22
B-6	Statement of Cash Flows	23
Fiduciary Funds		
B-7	Statement of Fiduciary Net Assets	24
B-8	Statement of Changes in Fiduciary Net Assets	25
Notes to the Basic Financial Statements		26-51

SAYREVILLE BOARD OF EDUCATION
TABLE OF CONTENTS

		Page
REQUIRED SUPPLEMENTARY INFORMATION – PART II		
C.	**Budgetary Comparison Schedules**	
C-1	General Fund – Budgetary Comparison Schedule	52-59
C-1B1	General Fund – Budgetary Comparison Schedule – ARRA – Education Stabilization Fund (ESF)	60
C-1B2	General Fund – Budgetary Comparison Schedule – ARRA – Government Services Fund (GSF)	60
C-2	Special Revenue Fund – Budgetary Comparison Schedule	61
C-3	Required Supplementary Information – Budgetary Comparison Schedules – Notes to the Required Supplementary Information	62
OTHER SUPPLEMENTARY INFORMATION		
D.	**School Level Schedules (Not Applicable)**	
Special Revenue Fund		
E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	63-65
E-2	Preschool Education Aid – Schedule of Expenditures – Budgetary Basis – N/A	66
Capital Projects Fund		
F-1	Summary Schedule of Project Expenditures – Budgetary Expenditures	67
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	68
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – War Memorial High School – Roof Repair Project	69
F-2b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Middle School – Roof Repair Project	70
F-2c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Arleth Elementary School – Roof Replacement Project	71
F-2d	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Middle School – Door Replacement Project	72
F-2e	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Arleth Elementary School – Door Replacement Project	73
F-2f	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Eisenhower Elementary School – Exterior Door Project	74
F-2g	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Wilson Elementary School – Multi-Purpose Floor Project	75
F-2h	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Wilson Elementary School – Heating System Upgrades	76
F-2i	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Arleth Elementary School – Phase II Roof Replacement Project	77

SAYREVILLE BOARD OF EDUCATION
TABLE OF CONTENTS

		Page
OTHER SUPPLEMENTARY INFORMATION		
G.	**Proprietary Funds**	
	Enterprise Fund	
G-1	Statement of Net Assets – N/A	78
G-2	Statement of Revenues, Expenses and Changes in Net Assets – N/A	78
G-3	Statement of Cash Flows – N/A	78
	Internal Service Fund – N/A	
H.	**Fiduciary Funds**	
H-1	Combining Statement of Agency Fund Net Assets	79
H-2	Combining Statement of Changes in Fiduciary Net Assets – N/A	80
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	80
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	81
I.	**Long-Term Debt**	
I-1	Schedule of Serial Bonds	82-83
I-2	Schedule of Obligations under Capital Leases	84
I-3	Debt Service Fund Budgetary Comparison Schedule	85
J.	**STATISTICAL SECTION (Unaudited)**	
J-1	Net Assets by Component	86
J-2	Changes in Net Assets	87-88
J-3	Fund Balances – Governmental Funds	89
J-4	Changes in Fund Balances - Governmental Funds	90-91
J-5	General Fund Other Local Revenue by Source	92
J-6	Assessed Value and Actual Value of Taxable Property	93
J-7	Direct and Overlapping Property Tax Rates	94
J-8	Principal Property Taxpayers	95
J-9	Property Tax Levies and Collections	96
J-10	Ratios of Outstanding Debt by Type	97
J-11	Ratios of Net General Bonded Debt Outstanding	98
J-12	Computation of Direct and Overlapping Debt	99
J-13	Legal Debt Margin Information	100
J-14	Demographic Statistics	101
J-15	Principal Employers	102
J-16	Full-Time Equivalent District Employees by Function/Program	103
J-17	Operating Statistics	104
J-18	School Building Information	105
J-19	Schedule of Required Maintenance for School Facilities	106
J-20	Schedule of Insurance	107

SAYREVILLE BOARD OF EDUCATION
TABLE OF CONTENTS

		Page
K.	**SINGLE AUDIT SECTION**	
K-1	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	108-109
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	110-111
K-3	Schedule of Expenditures of Federal Awards, Schedule A	112
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	113-114
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	115-116
K-6	Schedule of Findings and Questioned Costs	117-121
K-7	Summary Schedule of Prior Audit Findings	122

INTRODUCTORY SECTION

Sayreville Public Schools
Educating Today's Learners to Be Tomorrow's Leaders
Sayreville Board of Education
Sayreville, New Jersey

Officers
MICHAEL J. MACAGNONE, President
PASQUALE LEMBO, Vice President
EMIDIO D'ANDREA, Business Administrator/Board Secretary

BOARD MEMBERS
Daniel S. Balka
Thomas W. Biesiada
Laurie Esposito
Michael J. Macagnone
Jill Trapp
Phyllis Batko
Kevin E. Ciak
Pasquale Lembo
Helen Bruno-Raccuia

December 6, 2010

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

Dear Board Members:

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

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

1. REPORTING ENTITY AND ITS SERVICES: Sayreville School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB"). All funds of the District are included in this report. The Sayreville Board of Education and all its schools constitute the District's reporting entity.

1.REPORTING ENTITY AND ITS SERVICES (continued)

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for handicapped youngsters. The District completed the 2009/10 fiscal year with an enrollment of 6014 students which is 211 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years:

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

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

3.MAJOR INITIATIVES

- The District is now addressing overcrowding at Sayreville War Memorial High School (SWMHS). On April 19, 2005 the community supported a referendum to renovate and expand the high school. On December 9, 2008 the community supported a referendum for an additional $2.2 million to complete the high school. This project was completed in February 2010.

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

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 complied to allow for the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

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

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An incumbrance account system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

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

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

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

9. OTHER INFORMATION:

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

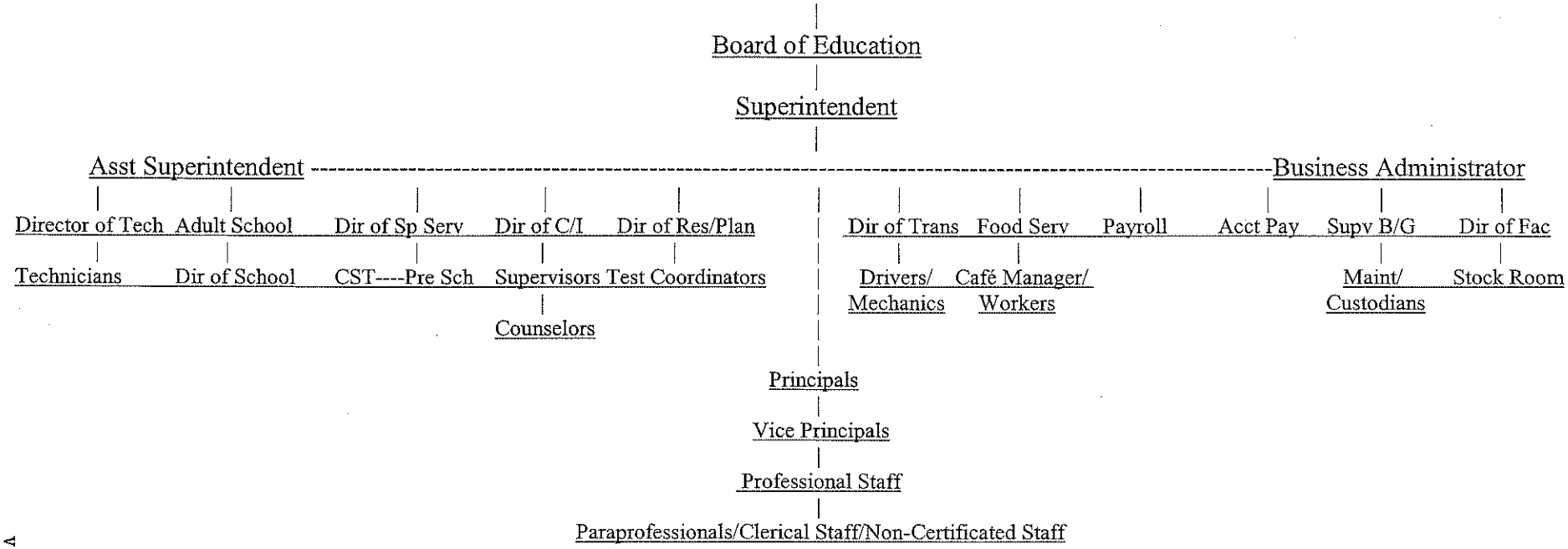
10. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Sayreville School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

Dr. Frank Alfano
Superintendent

Emidio D'Andrea
School Business Administrator

Sayreville Public Schools
Organizational Chart



SAYREVILLE SCHOOL DISTRICT
SAYREVILLE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2010

Members of the Board of Education	Term Expires
Daniel Balka	2013
Phyllis Batko	2011
Thomas W. Biesiada	2013
Helen Bruno-Raccuia	2013
Kevin E. Ciak	2012
Laurie Esposito	2012
Pasquale (Pat) Lembo, Vice President	2011
Michael J. Macagnone, President	2011
Jill Trapp	2012

Other Officials

Frank R. Alfano, Superintendent of Schools

Carla Sutherland, Assistant Superintendent of Schools

Emidio D'Andrea, Business Administrator/Board Secretary

Wayne A. Kronowski, Treasurer of School Monies

Joseph J. Jankowski, Board Attorney

SAYREVILLE BOARD OF EDUCATION
SAYREVILLE, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2010

Health Benefits

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

Auditor/Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208
Fair Lawn, NJ 07410

Attorney

Joseph J. Jankowski, Esq.
Wilentz, Goldman & Spitzer
90 Woodbridge Center Drive
Suite 900, Box 10
Woodbridge, NJ 07095

Official Depositories

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

PNC Bank
PO Box 600
Edison, NJ 08817

MBIA
113 Kings Street
Armonk, NY 10504

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Trustees
Sayreville Board of Education
Sayreville, New Jersey

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sayreville Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

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, each major fund, and the aggregate remaining fund information of the Sayreville Board of Education as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal 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 December 6, 2010 on our consideration of the Sayreville Board of Education'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 an 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 budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sayreville Board of Education's basic financial statements. The accompanying introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance 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, financial schedules and statistical section 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.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 6, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

SAYREVILLE BOARD OF EDUCATION

Management Discussion and Analysis
Year Ended June 30, 2010
(Unaudited)

DISTRICT MISSION STATEMENT

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

INTRODUCTION

The above Mission Statement underscores the educational philosophy that was the heart of all the District's financial activities during the fiscal year ending June 30, 2010. Management's Discussion and Analysis of the District's financial results that follow will provide statement readers with some insight into this philosophy and its impact on the educational changes taking place within the District, as well as providing some understanding of the fiscal activities undertaken by the Board's administrative team to effect this change.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2009-2010) and the prior year (2008-2009) is required to be presented in the MD&A.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

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

- Governmental Activities – All of the School District's programs and services are reported here, including, but not limited to, Instruction, Support Services, Operation and Maintenance of Plant Facilities, Pupil Transportation and Extracurricular Activities.

- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and Adult School Enterprise Funds are reported as a business activity.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Detailed information about the School District's major funds is presented and an analysis of the School District's major funds is included in the 2009-2010 Comprehensive Annual Financial Report as presented by the School District. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS (Continued)

Enterprise Fund

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

FINANCIAL HIGHLIGHTS

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

- The assets of the Sayreville Board of Education exceeded its liabilities at the close of the fiscal year by $40,160,943 (net assets). However, the amount available to meet the District's ongoing obligations (unrestricted net assets) was $108,887.

- The District's total net assets increased $4,912,570.

- General revenues accounted for $67,244,344 in revenue or 76 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants accounted for $21,264,958 or 24 percent to total revenues of $88,509,302.

- The School District had $81,375,584 in expenses for governmental activities; only $19,122,494 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of $67,244,344 were adequate to provide for these programs.

- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of $6,168,533. Of this amount, $2,332,686 was specifically available for the completion of approved capital projects.

- The General Fund had $78,255,908 in revenues and $74,569,922 in expenditures. The General Fund's balance increased $2,034,483 from the previous year to $4,034,732.

- The General Fund budgetary fund balance at the close of the current fiscal year was $6,816,373 which represented an increase of $1,843,209 from the previous year.

THE SCHOOL DISTRICT AS A WHOLE

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

The following provides a summary of the School District's Net Assets for 2010 and 2009:

Net Assets
As of June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	$ 8,386,640	$ 13,013,750	$ 156,876	$ 180,073	$ 8,543,516	$ 13,193,823
Capital Assets	89,423,259	85,608,806	74,416	156,791	89,497,675	85,765,597
Total Assets	97,809,899	98,622,556	231,292	336,864	98,041,191	98,959,420
Long-Term Liabilities	54,925,094	56,789,967			54,925,094	56,789,967
Other Liabilities	2,864,026	6,859,211	91,128	118,016	2,955,154	6,977,227
Total Liabilities	57,789,120	63,649,178	91,128	118,016	57,880,248	63,767,194
Net Assets						
Invested in capital assets, net of related debt	37,361,790	35,817,226	74,416	156,791	37,436,206	35,974,017
Restricted	2,615,850	280,160			2,615,850	280,160
Unrestricted	43,139	(1,124,008)	65,748	62,057	108,887	(1,061,951)
Total Net Assets	$ 40,020,779	$ 34,973,378	$ 140,164	$ 218,848	$ 40,160,943	$ 35,192,226

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

THE SCHOOL DISTRICT AS A WHOLE (Continued)

The following shows the changes in Net Assets for fiscal years 2010 and 2009:

Change in Net Assets
For The Years Ended June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for Services	$ 520,031		$ 1,238,363	$ 1,278,962	$ 1,758,394	$ 1,278,962
Operating Grants and Contributions	16,741,306	$ 12,945,974	904,101	628,343	17,645,407	13,574,317
Capital Grants and Contributions	1,861,157	4,282,343			1,861,157	4,282,343
General Revenues						
Property Taxes	54,483,946	52,488,179			54,483,946	52,488,179
State Aid - Unrestricted	12,392,195	13,489,396			12,392,195	13,489,396
State Aid - Restricted	55,847	70,825			55,847	70,825
Other	312,356	506,057	-	-	312,356	506,057
Total Revenues	**86,366,838**	**83,782,774**	**2,142,464**	**1,907,305**	**88,509,302**	**85,690,079**
Expenses						
Instruction						
Regular	29,593,116	29,190,181			29,593,116	29,190,181
Special Education	14,856,933	14,592,943			14,856,933	14,592,943
Other Instruction	3,057,678	2,736,316			3,057,678	2,736,316
School Sponsored Activities and Athletics	1,132,284	1,114,573			1,132,284	1,114,573
Support Services						
Student and Instruction Related Services	9,662,198	9,793,686			9,662,198	9,793,686
General Administrative Services	1,794,351	1,730,301			1,794,351	1,730,301
School Administrative Services	3,896,746	3,793,162			3,896,746	3,793,162
Central Services	753,203	744,815			753,203	744,815
Admin. Info. Technology	506,291	506,527			506,291	506,527
Plant Operations and Maintenance	8,567,470	7,145,168			8,567,470	7,145,168
Pupil Transportation	5,124,690	5,321,605			5,124,690	5,321,605
Interest on Debt	2,430,624	2,465,726			2,430,624	2,465,726
Food Services			2,085,959	1,845,421	2,085,959	1,845,421
Adult School	-	-	135,189	139,320	135,189	139,320
Total Expenses	**81,375,584**	**79,135,003**	**2,221,148**	**1,984,741**	**83,596,732**	**81,119,744**
Increase (Decrease) in Net Assets	**4,991,254**	**4,647,771**	**(78,684)**	**(77,436)**	**4,912,570**	**4,570,335**
Net Assets, Beginning of Year	**34,973,378**	**30,325,607**	**218,848**	**296,284**	**35,192,226**	**30,621,891**
Prior Period Adjustment	**56,147**	-	-	-	**56,147**	-
Net Assets, End of Year	**$ 40,020,779**	**$ 34,973,378**	**$ 140,164**	**$ 218,848**	**$ 40,160,943**	**$ 35,192,226**

Governmental Activities. The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes of $54,483,946 and $52,488,179 made up 63% and 63% of the revenues for governmental activities for the Sayreville Board of Education for fiscal years ended June 30, 2010 and 2009, respectively. The District's total revenues were $86,366,838 and $83,782,774 for the fiscal years ended June 30, 2010 and 2009, respectively. Federal, state and local aid and grants accounted for another $31,050,505 and $30,788,538 representing 36% and 37% of total governmental activities revenues for the fiscal years ended June 30, 2010 and 2009 respectively.

The total cost of all programs and services were $81,375,584 and $79,135,003 for the fiscal years ended June 30, 2010 and 2009, respectively. Instruction comprised $48,640,011 (60%) and $47,634,013 (60%) of District expenses for the fiscal years ended June 30, 2010 and 2009, respectively.

Total governmental activities revenues exceeded expenses, increasing net assets $4,991,254 and $4,647,771 for the fiscal years ended June 30, 2010 and 2009, respectively.

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

Total and Net Cost of Governmental Activities
for the Years Ended June 30, 2010 and 2009

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Instruction				
Regular	$ 29,593,116	$ 29,190,181	$ 23,747,033	$ 26,138,375
Special Education	14,856,933	14,592,943	7,478,883	9,035,744
Other Instruction	3,057,678	2,736,316	2,285,425	1,887,882
School Sponsored Activities and Athletics	1,132,284	1,114,573	1,132,284	1,114,573
Support Services				
Student and Instruction Related Services	9,662,198	9,793,686	8,896,171	9,124,338
General Administrative Services	1,794,351	1,730,301	1,794,351	1,730,301
School Administrative Services	3,896,746	3,793,162	3,627,424	3,532,697
Central Administrative	753,203	744,815	753,203	744,815
Admin. Info Technology	506,291	506,527	506,291	506,527
Plant Operations and Maintenance	8,567,470	7,145,168	6,148,565	2,249,192
Pupil Transportation	5,124,690	5,321,605	3,547,926	3,510,257
Interest on Debt	2,430,624	2,465,726	2,335,534	2,331,985
Total	**$ 81,375,584**	**$ 79,135,003**	**$ 62,253,090**	**$ 61,906,686**

Governmental Activities (Continued)

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

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

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

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

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

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

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

- Food service and adult school expenses exceeded revenues by $78,684 and $77,436 for the years ended June 30, 2010 and 2009, respectively.

- Charges for services represent $1,238,363 and $1,278,962 of revenue for the fiscal years ended June 30, 2010 and 2009. This represents amounts paid by patrons for daily food sales (89% and 87%) and program fees (11% and 13%) for the adult school.

- Federal and state reimbursements for food service meals, including payments for free and reduced lunches and donated commodities were $904,101 and $628,343 for the fiscal years ended June 30, 2010 and 2009, respectively.

- Total expenses were $2,221,148 and $1,984,471 for the fiscal years ended June 30, 2010 and 2009, respectively.

THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major funds is included in the 2009-2010 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund presented in the fund-based statements) had total revenues of $86,366,838 and $83,782,774 and expenditures of $89,261,601 and $95,926,166 for the fiscal years ended June 30, 2010 and 2009, respectively. As the District completed the year, its governmental funds reported a *combined* fund balance of $6,168,533, a decrease of $638,616, from last year's fund balance of $6,807,149.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The General Fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 12 including pupil transportation and capital outlay activities. The following schedules present a summary of the revenues of the General Fund for the fiscal years ended June 30, 2010 and 2009, and the amount and percentage of increases or decreases in relation to prior-year revenues.

	Year Ended June 30, 2010	Year Ended June 30, 2009	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	$ 50,912,157	$ 49,849,540	$ 1,062,617	2%
Other	832,241	406,600	425,641	105%
State Sources	23,647,122	23,948,253	(301,131)	(1)%
Federal Sources	2,864,388	-	2,864,388	100%
Total General Fund Revenues	$ 78,255,908	$ 74,204,393	$ 4,051,515	5%

Overall, General Fund revenues increased only 5% during the current school year. The increase in Local Sources is attributable to a tax increase of 2% to fund District operations and tuition revenues earned during the current year. The net decrease in State Sources is due mainly to the reduction of State Equalization Aid. Federal sources increased due to American Recovery and Reinvestment Act ("ARRA") program revenues.

THE SCHOOL DISTRICT'S FUNDS (Continued)

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2010 and 2009:

	Year Ended June 30, 2010	2009	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	$ 46,309,478	$ 45,537,633	$ 771,845	2%
Support Services	27,286,812	27,360,420	(73,608)	0%
Debt Service	628,024	654,698	(26,674)	(4)%
Capital Outlay	345,608	1,264,673	(919,065)	(73)%
Total Expenditures	$ 74,569,922	$ 74,817,424	$ (247,502)	0%

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

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

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

The decrease in capital outlay is attributed to decreases in equipment and construction services purchases from the previous year.

GENERAL FUND BUDGETING HIGHLIGHTS

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

During the course of the 2009/2010 school year, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Amendments are made during the year for:

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

GENERAL FUND BUDGETING HIGHLIGHTS (Continued)

While the District's final budget for the General Fund anticipated that revenues and expenditures would roughly equal with the use of $2,000,000 of prior year unreserved/undesignated budgetary fund balance, the actual results for the year ended June 30, 2010 revealed an increase of $1,843,209 in budgetary surplus funds in 2010 compared to an increase of $1,918,526 in budgetary surplus funds in 2009. The total unreserved/undesignated fund balance (budgetary basis) at June 30, 2010 was $1,600,950 compared to $1,867,717 at June 30, 2009.

CAPITAL ASSETS

At the end of the fiscal years 2010 and 2009, the School District had $89,497,675 and $85,765,597 invested in land, construction in progress, buildings, leasehold improvements, furniture and equipment vehicles. Depreciation charges for the fiscal years 2010 and 2009 were $2,715,444 and $1,473,510 for governmental activities, respectively, and $82,375 and $82,425 for business-type activities, respectively. The following is a comparison of the June 30, 2010 and 2009 balances.

Capital Assets
at June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	$ 6,767,549	$ 6,767,549			$ 6,767,549	$ 6,767,549
Construction in Progress	141,257	42,191,035			141,257	42,191,035
Leasehold Improvements	521,800	521,800			521,800	521,800
Site Improvements	3,283,942	3,210,502			3,283,942	3,210,502
Buildings and Building Improvements	99,668,915	51,468,980			99,668,915	51,468,980
Machinery and Equipment	6,952,326	6,646,026	$ 552,902	$ 552,902	7,505,228	7,198,928
	117,335,789	110,805,892	552,902	552,902	117,888,691	111,358,794
Less Accumulated Depreciation	(27,912,530)	(25,197,086)	(478,486)	(396,111)	(28,391,016)	(25,593,197)
Total	$ 89,423,259	$ 85,608,806	$ 74,416	$ 156,791	$ 89,497,675	$ 85,765,597

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

LONG-TERM LIABILITIES

At June 30, 2010, the School District had $54,925,094 as outstanding debt consisting of $52,919,272 bonds (net of unamortized premium and loss on refundings) for school construction, $630,366 capital leases and lease purchase agreements and $1,375,456 compensated absences. The following is a comparison of the June 30, 2010 and 2009 balances:

Outstanding Long-Term Liabilities
At June 30, 2010 and 2009

	Governmental Activities	
	2010	2009
General Obligation Bonds Payable, Net	$ 52,919,272	$ 54,283,768
Capital Leases Payable	432,940	826,212
Lease Purchase Agreements	197,426	388,645
Compensated Absences	1,375,456	1,291,342
Total	$ 54,925,094	$ 56,789,967

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

FOR THE FUTURE

The Sayreville Board of Education is in stable financial condition presently. A major concern is the continued reliance on local property taxes.

Sayreville has had a record of defeated school budgets. Concerns exist about the community's ability and willingness to continue to fund the growing cost of education while the State's share has remained relatively flat. The Board and Administration continue to be extremely sensitive to the financial concerns of Sayreville taxpayers, particularly those on fixed incomes. Administration is working to obtain alternate sources of revenue and materials for the District's students. Consistent with this concern, the Superintendent instructed building administrators to plan for minimal increases, based upon enrollment, to non-salary accounts as the administrators developed their building level 2010-2011 budgets. These concerns were considered when adopting the budget for the 2010-2011 fiscal year. Budgeted expenditures in the General Fund decreased 3.2% to $72,848,700.

A concurrent financial issue and concern is the need for increased maintenance and the Blue Ribbon 4 Committee recommendation to solve overcrowding at Sayreville War Memorial High School. On April 19, 2005 the community approved a $47m referendum to renovate and expand the high school. Much time and energy was expended in finalizing plans, submitting required paperwork, and planning and implementing a campaign to pass the referendum. This project will address the recommendation of the Blue Ribbon 4 Committee to solve the overcrowding at Sayreville War Memorial High School. In addition, on December 9, 2008 the voters approved an additional $2.2 million referendum to complete the project. Construction has been ongoing during the 2009/2010 school year, with an expected completion date of September 2010.

FOR THE FUTURE (Continued)

The District established a collaborative with the Middlesex County Educational Services Commission to bring a number of Special Education students who are currently out-of-district placements back to Sayreville to be educated. Annual savings are anticipated in tuition and transportation.

Additionally, the State has mandated that Sayreville create a preschool program for all 3 and 4 year olds for those students eligible for free/reduced lunch over the next five years starting in 2010-2011. By fiscal year 2014, Sayreville is estimated to need between 10-13 full-day preschool classes in the Elementary Schools, thus, this preschool program will obviously have an annual financial impact on the district.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

DISTRICT - WIDE FINANCIAL STATEMENTS

SAYREVILLE BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	$ 2,320,703	$ 218,720	$ 2,539,423
Investments	99,143		99,143
Receivables, Net	5,491,270	77,810	5,569,080
Internal Balances	186,777	(186,777)	
Inventory		47,123	47,123
Deferred Charges - Bond Issuance Costs	288,747		288,747
Capital Assets, Not Being Depreciated	6,908,806		6,908,806
Capital Assets, Being Depreciated, Net	82,514,453	74,416	82,588,869
Total Assets	97,809,899	231,292	98,041,191
LIABILITIES			
Accounts Payable and Other Current Liabilities	998,117	67,831	1,065,948
Accrued Interest Payable	934,666		934,666
Payable to Other Governments	26,297		26,297
Unearned Revenue	904,946	23,297	928,243
Noncurrent Liabilities			
Due Within One Year	2,132,785		2,132,785
Due Beyond One Year	52,792,309	-	52,792,309
Total Liabilities	57,789,120	91,128	57,880,248
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	37,361,790	74,416	37,436,206
Restricted for:			
Capital Projects	2,585,311		2,585,311
Other Purposes	30,539		30,539
Unrestricted	43,139	65,748	108,887
Total Net Assets	$ 40,020,779	$ 140,164	$ 40,160,943

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

SAYREVILLE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities:							
Instruction:							
Regular	$ 29,593,116	$ 15,669	$ 5,830,414		$ (23,747,033)		$ (23,747,033)
Special Education	14,856,933	504,362	6,696,515	$ 177,173	(7,478,883)		(7,478,883)
Other Instruction	3,057,678		772,253		(2,285,425)		(2,285,425)
School Sponsored Activities and Athletics	1,132,284				(1,132,284)		(1,132,284)
Support Services:							
Student & Instruction Related Services	9,662,198		766,027		(8,896,171)		(8,896,171)
General Administrative Services	1,794,351				(1,794,351)		(1,794,351)
School Administrative Services	3,896,746		269,322		(3,627,424)		(3,627,424)
Central Services	753,203				(753,203)		(753,203)
Admin. Info. Technology	506,291				(506,291)		(506,291)
Plant Operations and Maintenance	8,567,470		734,921	1,683,984	(6,148,565)		(6,148,565)
Pupil Transportation	5,124,690		1,576,764		(3,547,926)		(3,547,926)
Interest on Long Term Debt	2,430,624	-	95,090	-	(2,335,534)	-	(2,335,534)
Total Governmental Activities	81,375,584	520,031	16,741,306	1,861,157	(62,253,090)	-	(62,253,090)
Business-Type Activities:							
Food Service	2,085,959	$ 1,107,345	904,101			$ (74,513)	(74,513)
Adult School	135,189	131,018	-	-	-	(4,171)	(4,171)
Total Business-Type Activities	2,221,148	1,238,363	904,101	-	-	(78,684)	(78,684)
Total Primary Government	$ 83,596,732	$ 1,758,394	$ 17,645,407	$ 1,861,157	(62,253,090)	(78,684)	(62,331,774)

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

(Continued)

SAYREVILLE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

		Net (Expense) Revenue and Changes in Net Assets	
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, levied for general purposes	$ 50,912,157		$ 50,912,157
Property Taxes, levied for debt service	3,571,789		3,571,789
State Aid - Unrestricted	12,392,195		12,392,195
State Aid -Restricted for debt service principal	55,847		55,847
Investment and interest earnings	92,194		92,194
Miscellaneous Income	220,162	-	220,162
Total General Revenues	67,244,344	-	67,244,344
Change in Net Assets	4,991,254	$ (78,684)	4,912,570
Net Assets, Beginning of Year	34,973,378	218,848	35,192,226
Prior Period Adjustment	56,147	-	56,147
Net Assets, End of year	$ 40,020,779	$ 140,164	$ 40,160,943

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

FUND FINANCIAL STATEMENTS

SAYREVILLE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash	$ 2,320,703				$ 2,320,703
Investments	99,143				99,143
Receivables, Net					
Receivables From Other Governments	150,369	$ 1,404,535	$ 3,895,424		5,450,328
Other Receivables		40,942			40,942
Due from Other Funds	2,239,659	-	-	-	2,239,659
Total Assets	$ 4,809,874	$ 1,445,477	$ 3,895,424	$ -	$ 10,150,775
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 774,422	193,265	$ 30,430		$ 998,117
Payable to State Government		26,297			26,297
Due to Other Funds		1,207,388	646,609	$ 198,885	2,052,882
Deferred Revenue	720	18,527	885,699	-	904,946
Total Liabilities	775,142	1,445,477	1,562,738	198,885	3,982,242
Fund Balances:					
Reserved for:					
Encumbrances	542,483		2,312,417		2,854,900
Capital Reserve Account	1,251,000				1,251,000
Capital Reserve Account - Designated for Subsequent Years Expenditures	3,621				3,621
Maintenance Reserve Account	1,000				1,000
Maintenance Reserve Account - Designated for Subsequent Years Expenditures	29,539				29,539
Excess Surplus	562,041				562,041
Excess Surplus - Designated for Subsequent Years Expenditures	325,916				325,916
Unreserved,					
Designated for Subsequent Years Expenditures	2,499,823				2,499,823
Undesignated Reported In:					
General Fund	(1,180,691)				(1,180,691)
Capital Projects Fund			20,269		20,269
Debt Service Fund	-	-	-	(198,885)	(198,885)
Total Fund balances	4,034,732	-	2,332,686	(198,885)	6,168,533
Total Liabilities and Fund Balances	$ 4,809,874	$ 1,445,477	$ 3,895,424	$ -	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $117,335,789 and the accumulated depreciation is $27,912,530.		89,423,259
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(934,666)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds		
Bonds Payable, Net	$ (52,919,272)	
Deferred Charge for Bond Issuance Costs	288,747	
Capital Leases Payable	(432,940)	
Lease Purchase Agreements	(197,426)	
Compensated Absences	(1,375,456)	
		(54,636,347)
Net assets of governmental activities		$ 40,020,779

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

EXHIBIT B-2

SAYREVILLE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Property Tax Levy	$ 50,912,157			$ 3,571,789	$ 54,483,946
Tuition	520,031				520,031
Investment and Interest Earnings	92,048		$ 146		92,194
Miscellaneous	220,162	$ 38,381	-	-	258,543
Total - Local Sources	51,744,398	38,381	146	3,571,789	55,354,714
State Sources	23,647,122	208,963	1,683,984	150,937	25,691,006
Federal Sources	2,864,388	2,456,730	-	-	5,321,118
Total Revenues	78,255,908	2,704,074	1,684,130	3,722,726	86,366,838
EXPENDITURES					
Current					
Instruction					
Regular Instruction	29,338,722	162,532			29,501,254
Special Education Instruction	13,250,819	1,547,334			14,798,153
Other Instruction	2,588,877	464,714			3,053,591
School Sponsored Activities and Athletics	1,131,060				1,131,060
Support Services					
Student & Instruction Related Services	9,313,825	337,207			9,651,032
General Administrative Services	1,770,957				1,770,957
School Administrative Services	3,762,675				3,762,675
Central Services	752,226				752,226
Admin. Info Technology	505,806				505,806
Plant Operations and Maintenance	6,178,568				6,178,568
Pupil Transportation	5,002,755	15,114			5,017,869
Debt Service					
Principal	584,491			3,610,000	4,194,491
Interest	43,533			2,370,489	2,414,022
Capital Outlay	345,608	177,173	6,007,116	-	6,529,897
Total Expenditures	74,569,922	2,704,074	6,007,116	5,980,489	89,261,601
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,685,986	-	(4,322,986)	(2,257,763)	(2,894,763)
OTHER FINANCING SOURCES (USES)					
Permanently Financed Project Note			2,200,000		2,200,000
Transfer In			1,707,650	2,259,420	3,967,070
Transfer Out	(1,707,650)	-	(2,259,420)	-	(3,967,070)
Total Other Financing Sources and Uses	(1,707,650)	-	1,648,230	2,259,420	2,200,000
Net Change in Fund Balances	1,978,336	-	(2,674,756)	1,657	(694,763)
Fund Balance (Deficit), Beginning of Year	2,000,249	-	5,007,442	(200,542)	6,807,149
Prior Period Adjustment	56,147	-	-	-	56,147
Fund Balance (Deficit), End of Year	$ 4,034,732	$ -	$ 2,332,686	$ (198,885)	$ 6,168,533

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

SAYREVILLE BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total net change in fund balances - governmental funds (from B-2)		$ (694,763)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital outlays	$ 6,529,897	
Depreciation expense	(2,715,444)	
		3,814,453
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities and certain short-term debt in the statement of net assets and is not reported in the statement of activities.		
Serial Bonds	1,410,000	
Project Note	2,200,000	
Capital Leases	393,272	
Lease Purchase Agreements	191,219	
		4,194,491
Permanent repayment of temporary debt (i.e., Project Notes) reported as debt service expenditures in the governmental funds is also reported as other financing sources but is not reported in the statement of activities.		
Permanently Financed Project Note		(2,200,000)
Governmental Funds report the effect of issuance costs, premiums, and the loss on refunding when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities		
Amortization of Loss on Refunding Bonds	(63,442)	
Amortization of Original Issue Premium	17,938	
Amortization of Issuance Costs	(22,211)	
		(67,715)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition to the reconciliation.		28,902
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 addition to the reconciliation (+).		
Compensated Absences		(84,114)
Change in net assets of governmental activities		$ 4,991,254

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

SAYREVILLE BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

	Business-Type Activities Enterprise Fund		
	Food Service	Adult School	Total
ASSETS			
Cash	$ 138,226	$ 80,494	$ 218,720
Intergovernmental Receivable			
State	3,954		3,954
Federal	73,856		73,856
Inventories	47,123	-	47,123
Total Current Assets	263,159	80,494	343,653
Capital Assets			
Equipment	552,902		552,902
Accumulated Depreciation	(478,486)	-	(478,486)
Total Capital Assets, Net of Accumulated Depreciation	74,416	-	74,416
Total Assets	337,575	80,494	418,069
LIABILITIES			
Current Liabilities			
Accounts Payable	67,404	427	67,831
Due to Other Funds	186,777		186,777
Unearned Revenue	964	22,333	23,297
Total Current Liabilities	255,145	22,760	277,905
NET ASSETS			
Invested in Capital Assets	74,416		74,416
Unrestricted	8,014	57,734	65,748
Total Net Assets	$ 82,430	$ 57,734	$ 140,164

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

SAYREVILLE BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-Type Activities Enterprise Fund		
	Food Service	Adult School	Total
OPERATING REVENUES			
Local Sources			
Daily Sales	$ 1,107,345		$ 1,107,345
Program Fees	-	$ 131,018	131,018
Total Operating Revenues	1,107,345	131,018	1,238,363
OPERATING EXPENSES			
Salaries and Benefits	995,351		995,351
Cost of Sales	886,031	129,147	1,015,178
Repairs & Maintenance	13,951		13,951
Supplies and Materials	105,161	6,042	111,203
Miscellaneous Expense	3,090		3,090
Depreciation	82,375	-	82,375
Total Operating Expenses	2,085,959	135,189	2,221,148
Operating Loss	(978,614)	(4,171)	(982,785)
Nonoperating Revenues			
State Sources			
State School Lunch Program	33,355		33,355
State School Breakfast Program	6,753		6,753
Federal Sources			
National School Lunch Program	771,546		771,546
School Breakfast Program	92,447	-	92,447
Total Nonoperating Revenues	904,101	-	904,101
Change in Net Assets	(74,513)	(4,171)	(78,684)
Total Net Assets, Beginning of Year	156,943	61,905	218,848
Total Net Assets, End of Year	$ 82,430	$ 57,734	$ 140,164

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

SAYREVILLE BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-Type Activities Enterprise Fund		
	Food Service	Adult School	Total
Cash Flows from Operating Activities			
Cash Received from Customers	$ 1,107,345	$ 153,351	$ 1,260,696
Cash Payments for Employees Salaries & Benefits	(995,351)	(129,147)	(1,124,498)
Cash Payments to Suppliers for Goods and Services	(952,091)	(5,615)	(957,706)
Net Cash Provided by (Used for) Operating Activities	(840,097)	18,589	(821,508)
Cash Flows from Noncapital Financing Activities			
Cash Received from Other Funds	147,575		147,575
Cash Received from State and Federal Subsidy Reimbursements	761,939	-	761,939
Net Cash Provided by Noncapital Financing Activities	909,514	-	909,514
Net Increase in Cash	69,417	18,589	88,006
Cash, Beginning of Year	68,809	61,905	130,714
Cash, End of Year	$ 138,226	$ 80,494	$ 218,720
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities			
Operating Loss	$ (978,614)	$ (4,171)	$ (982,785)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities			
Depreciation	82,375		82,375
Non-Cash Federal Assistance - Food Distribution Program	112,289		112,289
Change in Assets and Liabilities			
(Increase)/Decrease in Inventory	(6,499)		(6,499)
Increase/(Decrease) in Accounts Payable	(49,644)	427	(49,217)
Increase/(Decrease) in Unearned Revenue	(4)	22,333	22,329
Total Adjustments	138,517	22,760	161,277
Net Cash Provided by (Used for) Operating Activities	$ (840,097)	$ 18,589	$ (821,508)
Noncash Investing, Capital and Financing Activities			
Value Received Food Distribution Program	$ 112,285	-	$ 112,285

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

SAYREVILLE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2010

	Unemployment Compensation Trust Fund	Scholarship Trust Fund	Agency Fund
ASSETS			
Cash	$ 40,710	$ 45,565	$ 227,235
Total Assets	40,710	45,565	$ 227,235
LIABILITIES			
Payroll Deductions Payable			$ 2,042
Due to Student Groups			225,193
Payable to State Government	3,210	-	-
Total Liabilities	3,210	-	$ 227,235
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	$ 37,500	$ 45,565	

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

SAYREVILLE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust Fund	Scholarship Trust Fund
ADDITIONS		
Contributions		
Employer	$ 96,609	
Employee	59,514	
Private Donations	-	$ 48,764
Total Contributions	156,123	48,764
Investment Earnings		
Interest	111	301
Total Additions	156,234	49,065
DEDUCTIONS		
Unemployment Claims	145,238	-
Scholarships Awarded	-	3,500
Total Deductions	145,238	3,500
Change in net assets	10,996	45,565
Net Assets, Beginning of the year	26,504	-
Net Assets, End of the year	$ 37,500	$ 45,565

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Sayreville Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Sayreville Board of Education this includes general operations, food service, adult and preschool programs and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the school breakfast and lunch programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *adult school fund* accounts for the activities of the District's adult education school and preschool programs which provides SAT prep classes as well as programs and activities for preschool aged children.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following fund type:

> The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow FASB guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and the adult school enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2008-2009 and 2009-2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of $2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Leasehold Improvements	2
Site Improvements	15-20
Buildings and Building Improvements	30-40
Machinery Equipment	5-15

5. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

6. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

6. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Equity

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

Reserved for Encumbrances - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

Reserved for Capital Reserve Account – This reserve was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

Reserved for Capital Reserve Account – Designated for Subsequent Year's Expenditures – This reserve was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2) that is appropriated in the 2010/2011 original budget certified for taxes.

Reserved for Maintenance Reserve – This reserve was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Reserved for Maintenance Reserve – Designated for Subsequent Year's Expenditures – This reserve was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education that is appropriated in the 2010/2011 original budget certified for taxes.

Reserved for Excess Surplus – This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that is required to be appropriated in the 2011/2012 original budget certified for taxes.

Reserved for Excess Surplus – Designated for Subsequent Year's Expenditures - This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2009 audited excess surplus that is appropriated in the 2010/2011 original budget certified for taxes.

Designations of fund balance represent tentative management plans that are subject to change.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2010/2011 District budget certified for taxes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

8. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2009/2010. During 2009/2010 the Board increased the original budget by $2,140,114. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

Encumbrance accounting is employed in the governmental funds. 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 which are reappropriated and honored during the subsequent fiscal year.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an unreserved/undesignated deficit fund balance of $1,180,691 in the General Fund as of June 30, 2010 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2009/2010 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund balance deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of $1,180,691 in the General Fund is less than the delayed state aid payments.

The Debt Service Fund has an unreserved/undesignated deficit fund balance of $198,885 as of June 30, 2010. This deficit was provided for by an appropriation in the 2010/2011 General Fund budget.

C. Capital Reserve Account

A capital reserve account was established by the District on September 28, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2010 is as follows:

Balance, July 1, 2009	$	99,621
Increases		
Deposits Approved by Board Resolution		1,250,000
		1,349,621
Withdrawals		
Approved by Voters in District Budget		95,000
Balance, June 30, 2010	$	1,254,621

Of the balance at June 30, 2010 the District designated and appropriated $3,621 in the 2010/2011 original budget certified for taxes.

D. 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 in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2010 is $887,957. Of this amount, $325,916 was designated and appropriated in the 2010/2011 original budget certified for taxes and the remaining amount of $562,041 will be appropriated in the 2011/2012 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge plus collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds for all deposits not covered by the FDIC.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At June 30, 2010, the book value of the Board's deposits was $2,852,933 and bank balances of the Board's cash and deposits amounted to $3,809,938. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" are categorized as:

Depository Account	Bank Balance
Insured	$ 3,809,938

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2010 none of the Board's bank balance was exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2010, the Board had the following investments:

Investment Type:	Fair Value
MBIA Assets Management Program Investment Fund (Government Securities)	$ 99,143

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2010, $99,143 of the Board's investments was exposed to custodial credit risk as follows:

	Fair Value
Uninsured and Collateralized Collateral held by pledging financial institution's trust department or agent but not in the Board's name	$ 99,143

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing it's exposure to fair value losses arising from increasing interest rates. As of June 30, 2010, the Board's investment in MBIA was rated Ba3 by Moody's Investors Service.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer. More than five (5) percent of the Board's investments are in MBIA. These investments are 100% of the District's total investments.

The fair value of the above-listed investment was based on market prices provided by MBIA.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

B. Receivables

Receivables as of year-end for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Special Revenue	Capital Projects	Food Service	Total
Receivables:					
Intergovernmental	$ 150,369	$ 1,404,535	$ 3,895,424	$ 77,810	$ 5,528,138
Other	-	40,942	-	-	40,942
Gross Receivables	150,369	1,445,477	3,895,424	77,810	5,569,080
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	$ 150,369	$ 1,445,477	$ 3,895,424	$ 77,810	$ 5,569,080

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	Unearned
General Fund	
Prepaid Fees	$ 720
Special Revenue Fund	
Unencumbered grant draw downs	18,527
Capital Projects Fund	
Unrealized School Facility Grants	885,699
Total deferred revenue for governmental funds	$904,946

C. Capital Assets

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

	Balance, July 1, 2009	Increases	Decreases	Balance, June 30, 2010
Governmental Activities:				
Capital Assets,Not Being Depreciated:				
Land	$ 6,767,549			$ 6,767,549
Construction in Progress	42,191,035	$ 141,257	$ (42,191,035)	141,257
Total Capital Assets, Not Being Depreciated	48,958,584	141,257	(42,191,035)	6,908,806
Capital Assets, Being Depreciated:				
Leasehold Improvements	521,800			521,800
Site Improvements	3,210,502	73,440		3,283,942
Buildings and Building Improvements	51,468,980	48,199,935		99,668,915
Machinery and Equipment	6,646,026	306,300	-	6,952,326
Total Capital Assets Being Depreciated	61,847,308	48,579,675	-	110,426,983
Less Accumulated Depreciation for:				
Leasehold Improvements	(521,800)			(521,800)
Site Improvements	(1,809,501)	(101,916)		(1,911,417)
Building and Building Improvements	(17,190,344)	(2,261,118)		(19,451,462)
Machinery and Equipment	(5,675,441)	(352,410)	-	(6,027,851)
Total Accumulated Depreciation	(25,197,086)	(2,715,444)	-	(27,912,530)
Total Capital Assets, Being Depreciated, Net	36,650,222	45,864,231	-	82,514,453
Governmental Activities Capital Assets, Net	$ 85,608,806	$ 46,005,488	$ (42,191,035)	$ 89,423,259

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, July 1, 2009	Increases	Decreases	Balance, June 30, 2010
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	$ 552,902	-	-	$ 552,902
Total Capital Assets Being Depreciated	552,902	-	-	552,902
Less Accumulated Depreciation for:				
Machinery and Equipment	(396,111)	$ (82,375)	-	(478,486)
Total Accumulated Depreciation	(396,111)	(82,375)	-	(478,486)
Business-Type Activities Capital Assets, Ne	$ 156,791	$ (82,375)	$ -	$ 74,416

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Instruction	
Regular	$ 52,602
Special Education	45,469
Total Instruction	98,071
Support Services	
General Administration	
School Administration	129,114
Operations and Maintenance of Plant	2,383,583
Student Transportation	104,676
Total Support Services	2,617,373
Total Governmental Activities	$ 2,715,444
Business-Type Activities:	
Food Service Fund	$ 82,375
Total Depreciation Expense-Business-Type Activities	$ 82,375

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Construction commitments

The District has the following active construction projects as of June 30, 2010:

Project	Remaining Commitment
War Memorial High School - Additions and Renovations	$ 840,232
Wilson School Heating Project	1,179,130
Arleth Roof Phase II	288,000
Total	$ 2,307,362

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	$ 1,207,388
General Fund	Capital Projects Fund	646,609
General Fund	Debt Service Fund	198,885
General Fund	Food Service Enterprise Fund	186,777
Total		$ 2,239,659

The above balances are the result of receipts received in one fund which are due to another fund and to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

Interfund Transfers

	Transfer In: Capital Projects	Transfer In: Debt Service	Total
Transfer Out:			
General Fund	$ 1,707,650		$ 1,707,650
Capital Projects Fund	-	$ 2,259,420	2,259,420
	$ 1,707,650	$ 2,259,420	$ 3,967,070

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Capital Leases and Lease-Purchase Agreements

The District is leasing copiers, school buses and maintenance vehicles totaling $726,085 under capital leases. The leases are for terms of 3 to 5 years. In addition, the District is leasing computers (general supplies) totaling $576,900 under a lease purchase agreement for a term of 3 years.

The capital assets acquired through capital leases are as follows:

	Governmental Activities
Machinery and Equipment	$ 726,085
Total	$ 726,085

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

	Governmental Activities		
Year Ending June 30	Capital Leases	Lease-Purchase Agreements	Total
2011	$ 172,452	$ 202,207	$ 374,659
2012	172,452		172,452
2013	118,349	-	118,349
Total minimum lease payments	463,253	202,207	665,460
Less: amount representing interest	(30,313)	(4,781)	(35,094)
Present value of minimum lease payments	$ 432,940	$ 197,426	$ 630,366

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2010 are comprised of the following issues:

$4,945,000, 1999 Bonds, due in an annual installment of $205,000 through July 15, 2010, interest at 4.90%	$ 205,000
$21,920,000, 2002 Bonds, due in annual installments of $195,000 to $555,000 through March 1, 2016, interest at 4.75%	2,275,000
$33,022,000, 2005 Bonds, due in annual installments of $585,000 to $3,892,000 through July 1, 2030, interest at 4.00% to 4.50%	31,457,000
$10,000,000, 2006 Refunding Bonds, due in annual installments of $205,000 to $795,000 through March 1, 2027, interest at 4.125% to 4.500%	9,730,000
$10,000,000, 2007 Refunding Bonds, due in annual installments of $5,000 to $910,000 through March 1, 2027, interest at 3.50% to 4.00%	9,770,000
	$53,437,000

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Governmental Activities:

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

Year Ending June 30,	Serial Bonds Principal	Interest	Total
2011	$ 1,530,000	$ 2,265,349	$ 3,795,349
2012	1,645,000	2,202,676	3,847,676
2013	1,715,000	2,131,539	3,846,539
2014	1,790,000	2,057,339	3,847,339
2015	1,880,000	1,981,214	3,861,214
2016-2020	10,770,000	8,608,255	19,378,255
2021-2025	13,375,000	6,166,006	19,541,006
2026-2030	16,840,000	2,900,688	19,740,688
2031	3,892,000	87,570	3,979,570
	$ 53,437,000	$ 28,400,636	$ 81,837,636

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2010 was as follows:

4% of Equalized Valuation Basis (Municipal)	$ 215,063,960
Less: Net Debt Issued	53,437,000
Remaining Borrowing Power	$ 161,626,960

Prior-Year Defeasance of Debt

In prior years, the District defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2010, $16,630,000 of bonds outstanding are considered defeased.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balance, July 1, 2009	Additions	Reductions	Balance, June 30, 2010	Due Within One Year
Governmental activities:					
Bonds Payable	$ 54,847,000		$ (1,410,000)	$ 53,437,000	$ 1,530,000
Add:					
Unamortized Premium on Refunding	223,508		(17,938)	205,570	
Less:					
Unamortized Loss on Refunding	(786,740)	-	63,442	(723,298)	-
	54,283,768	-	(1,364,496)	52,919,272	1,530,000
Capital Leases	826,212		(393,272)	432,940	155,359
Lease Purchase Agreements	388,645		(191,219)	197,426	197,426
Compensated Absences	1,291,342	$ 489,789	(405,675)	1,375,456	250,000
Governmental Activity Long-Term Liabilities	$ 56,789,967	$ 489,789	$ (2,354,662)	$ 54,925,094	$ 2,132,785

For governmental activities compensated absences are generally liquidated by the General Fund.

G. Short-Term Debt

Project Notes Payable

The Board issued a Temporary Project Note to interim finance Capital Projects. The Board's short-term debt activity for the year ended June 30, 2010 was as follows:

Purpose	Balance, July 1, 2009	Increases	Decreases	Balance, June 30, 2010
Project Note Payable	$ 2,200,000	-	$ 2,200,000	$ -

The District permanently financed the above Project Note through an appropriation in the 2009/2010 Debt Service Fund budget for the payment of Project Note principal.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

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

Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2010	$ 96,609	$ 59,514	$ 145,238	$ 37,500
2009	44,247	89,152	152,569	26,504
2008	60,000	90,996	144,970	45,320

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2010, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2010, the District had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2009, c. 19, effective March 17, 2009 provided an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100 percent of the required contribution. Such an employer was credited with the full payment and any such amounts were not to be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

Funding Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 72.6 percent with an unfunded actuarial accrued liability of $34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and $23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and $11.4 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.5% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2010, 2009 and 2008 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	PERS	On-Behalf TPAF	DCRP
2010	$ 711,077	$ 111,013	None
2009	608,831	104,856	None
2008	443,488	2,322,231	None

During 2009/2010 and 2008/2009 school years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed $111,013 and $104,856 during 2009/2010 and 2008/2009, respectively, for the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board $2,539,477 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 484 state and local participating employers and contributing entities for Fiscal Year 2009.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the State had a $55.9 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to $19.8 billion for state active and retired members and $36.1 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2008, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2009, there were 84,590 retirees receiving post-retirement medical benefits and the State contributed $837.7 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding 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 with 25 years of service. The State paid $116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2010, 2009 and 2008 were $2,084,988, $2,000,396 and $2,156,365, respectively, which equaled the required contributions for each year . The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 4 OTHER INFORMATION (Continued)

F. Prior Period Adjustments

As a result of the review of the School Development Authority (SDA) school facility projects during the current year, it was discovered that certain project transactions were recorded in the General Fund rather than the Capital Projects Fund for the fiscal year ended June 30, 2009. An adjustment was made to reflect the portion of the project costs which were funded by SDA school facility grants. This adjustment increased both the General Fund-Fund Balance and Governmental Activities Net Assets by $56,147.

BUDGETARY COMPARISON SCHEDULES

SAYREVILLE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	$ 50,912,157		$ 50,912,157	$ 50,912,157	
Tuition				520,031	$ 520,031
Interest	100,000		100,000	92,048	(7,952)
Miscellaneous	200,000	-	200,000	220,162	20,162
Total Local Revenues	51,212,157	-	51,212,157	51,744,398	532,241
State Sources					
Extraordinary Aid	526,521		526,521	670,726	144,205
Special Education	3,332,411		3,332,411	3,332,411	-
Equalization Aid	15,129,277	$ (2,745,148)	12,384,129	12,384,129	-
Security Aid	755,836		755,836	755,836	-
Transportation Aid	2,204,399		2,204,399	1,607,512	(596,887)
Non-Public School Transportation	-		-	25,903	25,903
On Behalf TPAF Pension Sys. Contrib.(Non Budget)					
Pension Benefit Contribution-NCGI				111,013	111,013
Post Retirement Medical Benefit Contribution				2,084,988	2,084,988
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	2,539,477	- 2,539,477
Total State Revenues	21,948,444	(2,745,148)	19,203,296	23,511,995	4,308,699
Federal Sources					
ARRA-SFSF-ESF		2,642,840	2,642,840	2,642,840	
ARRA-SFSF-GSF		102,308	102,308	102,308	
Medicaid Reimbursement	72,000	-	72,000	119,240	47,240
Total Federal Revenues	72,000	2,745,148	2,817,148	2,864,388	47,240
Total Revenues	73,232,601	-	73,232,601	78,120,781	4,888,180
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	1,258,900	(16,000)	1,242,900	1,237,803	5,097
Grades 1-5	8,141,250	(329,000)	7,812,250	7,769,149	43,101
Grades 6-8	4,820,068	246,000	5,066,068	5,005,465	60,603
Grades 9-12	5,978,861	(88,714)	5,890,147	5,849,994	40,153
Regular Programs - Home Instruction					
Purchased Professional-Educational Svcs.	200,000	(3,000)	197,000	175,651	21,349
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	307,168	77,714	384,882	382,415	2,467
Purchased Professional-Educational Svcs.	247,344	34,922	282,266	277,714	4,552
Purchased Technical Services	212,065	(200,000)	12,065		12,065
Other Purchased Services	203,000	-	203,000	202,207	793
General Supplies	1,026,658	31,279	1,057,937	965,982	91,955
General Supplies Acquired Under Lease Purchase Agreements (Non Budgeted)					-
Textbooks	284,564	-	284,564	243,790	40,774
Other Objects	40,707	-	40,707	13,140	27,567
Total Regular Programs	22,720,585	(246,799)	22,473,786	22,123,310	350,476
Special Education Learning / Language Disabilities					
Salaries of Teachers	1,091,450	(45,000)	1,046,450	1,013,436	33,014
Other Salaries for Instruction	499,862	(146,000)	353,862	301,946	51,916
General Supplies	18,480		18,480	3,319	15,161
Textbooks	14,000	-	14,000	-	14,000
Total Learning / Language Disabilities	1,623,792	(191,000)	1,432,792	1,318,701	114,091

(Continued)

SAYREVILLE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Behavioral Disabilities					
Salaries of Teachers	$ 125,600	$ (23,000)	$ 102,600	$ 97,428	$ 5,172
Other Salaries for Instruction		47,000	47,000	46,228	772
General Supplies	10,000	-	10,000	2,085	7,915
Total Behavioral Disabilities	135,600	24,000	159,600	145,741	13,859
Multiple Disabilities					
Salaries of Teachers	238,500	(51,000)	187,500	187,100	400
Other Salaries for Instruction	315,102	54,965	370,067	369,285	782
General Supplies	8,250	7,000	15,250	14,797	453
Textbooks	5,500	1,035	6,535	6,528	7
Total Multiple Disabilities	567,352	12,000	579,352	577,710	1,642
Resource Room / Resource Center					
Salaries of Teachers	3,659,575	97,000	3,756,575	3,574,436	182,139
Other Salaries for Instruction	498,826	(20,000)	478,826	469,043	9,783
General Supplies	33,000		33,000	9,565	23,435
Textbooks	18,000	1,263	19,263	1,600	17,663
Total Resource Room / Resource Center	4,209,401	78,263	4,287,664	4,054,644	233,020
Autism					
Salaries of Teachers	190,625	(84,000)	106,625	106,322	303
Other Salaries for Instruction	118,123	(69,000)	49,123	48,455	668
General Supplies	3,960	1,000	4,960	4,739	221
Textbooks	18,000	-	18,000	747	17,253
Total Autism	330,708	(152,000)	178,708	160,263	18,445
Preschool Disabilities - Part - Time					
Salaries of Teachers	251,350	73,000	324,350	322,765	1,585
Other Salaries for Instruction	48,628	24,000	72,628	72,014	614
General Supplies	11,700	-	11,700	11,313	387
Total Preschool Disabilities - Part - Time	311,678	97,000	408,678	406,092	2,586
Preschool Disabilities - Full - Time					
Salaries of Teachers	173,775	-	173,775	163,775	10,000
Other Salaries for Instruction	113,005	-	113,005	87,867	25,138
General Supplies	6,750	-	6,750	5,151	1,599
Total Preschool Disabilities - Full - Time	293,530	-	293,530	256,793	36,737
Total Special Education	7,472,061	(131,737)	7,340,324	6,919,944	420,380
Basic Skills/Remedial					
Salaries of Teachers	1,454,650	323,000	1,777,650	1,740,974	36,676
General Supplies	12,100	-	12,100	2,708	9,392
Textbooks	2,250	-	2,250	1,898	352
Total Basic Skills/Remedial	1,469,000	323,000	1,792,000	1,745,580	46,420

(Continued)

SAYREVILLE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Bilingual Education					
Salaries of Teachers	$ 138,950	$ 1,000	$ 139,950	$ 136,039	$ 3,911
General Supplies	1,000	-	1,000	-	1,000
Total Bilingual Education	139,950	1,000	140,950	136,039	4,911
School Sponsored Co-Curricular Activities					
Salaries	160,000		160,000	157,593	2,407
Supplies and Materials	26,590		26,590	13,175	13,415
Other Objects	91,795	7,505	99,300	51,908	47,392
Total School Sponsored Co-Curricular Activities	278,385	7,505	285,890	222,676	63,214
School Sponsored Athletics - Instruction					
Salaries	475,000		475,000	472,125	2,875
Purchased Services	119,300	-	119,300	91,224	28,076
Supplies and Materials	98,620	-	98,620	95,114	3,506
Other Objects	17,700	-	17,700	12,364	5,336
Total School Sponsored Athletics - Instruction	710,620	-	710,620	670,827	39,793
Community Services Programs					
Salaries	8,000	-	8,000	4,579	3,421
Total Community Services	8,000	-	8,000	4,579	3,421
Total - Instruction	32,798,601	(47,031)	32,751,570	31,822,955	928,615
Undistributed Expenditures					
Instruction					
Tuition - Other LEA's Within State - Regular	62,242	-	62,242	40,516	21,726
Tuition - Other LEA's Within State - Special	242,900	(1,000)	241,900	146,017	95,883
Tuition to CSSD & Reg. Day Schools	1,563,100	285,000	1,848,100	1,782,118	65,982
Tuition to Private Schools - Disabled Within State	2,541,764	(447,000)	2,094,764	1,893,647	201,117
Tuition to Private Schools - Disabled & Other LEA's-Special Outside State	60,830	4,440	65,270	56,030	9,240
Tuition - State Facilities	55,681		55,681	55,681	
Tuition - Other	-	66,000	66,000	55,046	10,954
Total Undistributed Expenditures - Instruction	4,526,517	(92,560)	4,433,957	4,029,055	404,902
Attendance and Social Work Services					
Salaries	24,560	-	24,560	21,300	3,260
Total Attendance and Social Work Services	24,560	-	24,560	21,300	3,260
Health Services					
Salaries	736,200	9,800	746,000	742,567	3,433
Purchased Professional and Technical Svcs.	15,000	(6,000)	9,000	8,072	928
Supplies and Materials	15,485	200	15,685	11,237	4,448
Total Health Services	766,685	4,000	770,685	761,876	8,809

(Continued)

SAYREVILLE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Speech, OT, PT and Related Services					
Salaries	$ 1,134,690	$ (33,000)	$ 1,101,690	$ 1,101,197	$ 493
Purchased Professional-Educational Svcs.	105,000	116,325	221,325	220,854	471
Supplies and Materials	5,000	3,000	8,000	7,027	973
Total Speech, OT, PT and Related Services	1,244,690	86,325	1,331,015	1,329,078	1,937
Other Support Services-Students-Extra					
Purchased Professional-Educational Services	1,308,000	(72,868)	1,235,132	1,003,304	231,828
Total Other Support Services-Extra	1,308,000	(72,868)	1,235,132	1,003,304	231,828
Guidance					
Salaries of Other Professional Staff	888,575	(3,000)	885,575	878,296	7,279
Salaries of Secretarial and Clerical Assistants	150,333	2,000	152,333	140,594	11,739
Other Salaries	73,304	3,000	76,304	74,635	1,669
Purchased Professional-Educational Services	100,000	2,305	102,305	46,771	55,534
Other Purchased Services	3,692		3,692	3,692	-
Supplies and Materials	3,119	-	3,119	1,601	1,518
Other Objects	10,000	1,000	11,000	10,909	91
Total Guidance	1,229,023	5,305	1,234,328	1,156,498	77,830
Child Study Teams					
Salaries of Other Professional Staff	1,184,465	(560)	1,183,905	1,146,369	37,536
Salaries of Secretarial and Clerical Assistants	200,628	560	201,188	198,222	2,966
Other Purchased Prof. and Tech. Services	158,000	-	158,000	95,304	62,696
Miscellaneous Purchased Services	55,780	-	55,780	27,644	28,136
Supplies and Materials	33,000	31	33,031	26,574	6,457
Total Child Study Teams	1,631,873	31	1,631,904	1,494,113	137,791
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	882,259	(1,560)	880,699	820,869	59,830
Salaries of Other Professional Staff	24,000	-	24,000	14,300	9,700
Salaries of Secretarial and Clerical Assistants	33,682	1,560	35,242	35,079	163
Other Salaries	60,000	-	60,000	57,950	2,050
Purchased Professional-Educational Services	2,000	-	2,000		2,000
Supplies and Materials	4,225	-	4,225	240	3,985
Other Objects	3,500	-	3,500	3,488	12
Total Improvement of Instruction Services	1,009,666	-	1,009,666	931,926	77,740
Educational Media Services/School Library					
Salaries	472,050	-	472,050	444,735	27,315
Other Purchased Services	4,737		4,737		4,737
Supplies and Materials	111,450	-	111,450	100,995	10,455
Total Educational Media Services/School Library	588,237	-	588,237	545,730	42,507

(Continued)

SAYREVILLE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	$ 646,300	$ (12,000)	$ 634,300	$ 613,239	$ 21,061
Legal Services	150,000	-	150,000	72,312	77,688
Audit Fees		-			-
Other Purchased Professional Services	80,000	40,150	120,150	119,760	390
Purchased Technical Services	15,000	-	15,000	1,200	13,800
Communications/Telephone	229,000	181,000	410,000	384,073	25,927
Other Purchased Services	253,650	35,000	288,650	276,303	12,347
General Supplies	25,000	-	25,000	19,862	5,138
BOE In-House Training/Meeting Supplies	2,000		2,000	1,325	675
Judgments Against the School District	5,000		5,000		5,000
Miscellaneous Expenditures	47,000	-	47,000	29,574	17,426
BOE Membership Dues and Fees	29,000	-	29,000	28,066	934
Total Support Services General Administration	1,481,950	244,150	1,726,100	1,545,714	180,386
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,836,613	2,800	1,839,413	1,838,853	560
Salaries of Secretarial and Clerical Assistants	725,179	6,570	731,749	730,272	1,477
Other Purchased Service	207,400	(8,200)	199,200	197,225	1,975
Supplies and Materials	47,375	(2,700)	44,675	34,318	10,357
Other Objects	33,740	7,530	41,270	39,933	1,337
Total Support Services School Administration	2,850,307	6,000	2,856,307	2,840,601	15,706
Central Services					
Salaries	511,379	-	511,379	506,606	4,773
Purchased Professional Services	13,000	2,770	15,770	6,065	9,705
Purchased Technical Services	30,000	-	30,000	29,773	227
Miscellaneous Purchased Services	15,485	(3,000)	12,485	10,349	2,136
Supplies and Materials	10,000	3,000	13,000	12,066	934
Miscellaneous Expenditures	2,500	-	2,500	1,290	1,210
Total Central Services	582,364	2,770	585,134	566,149	18,985
Admin Info. Technology					
Salaries	261,132	8,000	269,132	251,444	17,688
Purchased Professional Services	70,632	2,000	72,632	69,445	3,187
Purchased Technical Services	105,612	(36,155)	69,457	66,693	2,764
Supplies and Materials	18,900	9,000	27,900	25,870	2,030
Total Admin. Info. Technology	456,276	(17,155)	439,121	413,452	25,669
Required Maintenance for School Facilities					
Salaries	805,106	(229,152)	575,954	558,581	17,373
Cleaning, Repair & Maintenance Services	723,950	24,318	748,268	680,153	68,115
General Supplies	160,000	8,406	168,406	167,698	708
Other Objects	10,000	-	10,000	7,606	2,394
Total Required Maintenance for School Facilities	1,699,056	(196,428)	1,502,628	1,414,038	88,590

(Continued)

SAYREVILLE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	$ 2,046,546	$ (39,000)	$ 2,007,546	$ 1,975,684	$ 31,862
Purchased Professional and Technical Services	15,000	23,000	38,000	37,246	754
Rental of Land & Bldg. Oth. Than Lease Pur.	16,800	(16,000)	800		800
Other Purchased Property Services		-			-
Insurance	125,000	(5,000)	120,000	120,000	
Miscellaneous Purchased Services	70,000	-	70,000	58,628	11,372
General Supplies	119,500	-	119,500	114,987	4,513
Energy	1,903,000	(1,122,960)	780,040	559,887	220,153
Electricity	-	1,090,960	1,090,960	926,297	164,663
Total Custodial Services	4,295,846	(69,000)	4,226,846	3,792,729	434,117
Care and Upkeep of Grounds					
Salaries		119,071	119,071	117,150	1,921
Cleaning, Repair & Maintenance Services	-	114,934	114,934	108,821	6,113
Total Care and Upkeep of Grounds	-	234,005	234,005	225,971	8,034
Security					
Salaries	-	105,081	105,081	105,081	-
Total Security	-	105,081	105,081	105,081	-
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	534,553	12,050	546,603	525,782	20,821
Salaries for Pupil Transportation (Between Home and School) - Special	518,000	57,000	575,000	512,289	62,711
Salaries for Pupil Transportation (Other Than Between Home & School)	74,000	3,000	77,000	73,690	3,310
Other Purchased Prof. and Technical Serv.	17,700	(50)	17,650	14,887	2,763
Cleaning, Repair and Maintenance Services	25,000	5,000	30,000	26,743	3,257
Rental Payments - School Buses	2,000	5,000	7,000	3,975	3,025
Lease Purchase Payments-School Buses	54,138	-	54,138	54,103	35
Contracted Services (Between Home and School) - Vendors	1,873,381	-	1,873,381	1,855,435	17,946
Contracted Services (Other Than Between Home and School) - Vendors	70,010		70,010	59,152	10,858
Contracted Services (Bet. Home & Sch)-Joint Agree.	5,000		5,000		5,000
Contracted Services (Spec Ed) - Vendors	1,142,962	(165,367)	977,595	876,833	100,762
Contracted Services (Spec Ed) - Joint Agree.	10,000	-	10,000	3,840	6,160
Contracted Services (Spec. Ed.) - ESCs & CTSAs	451,530	17,000	468,530	351,475	117,055
Contracted Services - Aid in Lieu of Payments	160,125	-	160,125	136,843	23,282
Miscellaneous Purchased Services - Transportation	13,800	2,000	15,800	14,619	1,181
Supplies and Materials	151,500	(2,000)	149,500	136,391	13,109
Other Objects	2,525	-	2,525	2,450	75
Total Student Transportation Services	5,106,224	(66,367)	5,039,857	4,648,507	391,350
Unallocated Benefits					
Social Security Contributions	775,000	(16,000)	759,000	734,002	24,998
Other Retirement Contributions - Regular	669,714	42,000	711,714	711,077	637
Unemployment Compensation	60,000	38,000	98,000	96,609	1,391
Workmen's Compensation	437,972	-	437,972	435,884	2,088
Health Benefits	8,476,140	(25,000)	8,451,140	8,218,034	233,106
Tuition Reimbursement	220,000	(19,161)	200,839	200,222	617
Other Employee Benefits	509,400	(46,973)	462,427	405,675	56,752
Total Unallocated Benefits	11,148,226	(27,134)	11,121,092	10,801,503	319,589

(Continued)

SAYREVILLE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
On Behalf TPAF Pension System Contributions (Non Budgeted)					
Pension Benefit Contribution-NCGI				$ 111,013	$ (111,013)
Post Retirement Medical Benefit Contribution				2,084,988	(2,084,988)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	2,539,477	(2,539,477)
Total On-Behalf Contributions	-	-	-	4,735,478	(4,735,478)
Total Undistributed Expenditures	$ 39,949,500	$ 146,155	$ 40,095,655	42,362,103	(2,266,448)
Total Expenditures - Current Expenditures	72,748,101	99,124	72,847,225	74,185,058	(1,337,833)
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 6-8	15,000	(12,075)	2,925	2,925	-
Grades 9-12		3,365	3,365	3,365	
Undistributed Expenditures					
Instruction	157,500	(3,082)	154,418	150,897	3,521
Operation & Maintenance of Plant Services	-	45,900	45,900	45,380	520
Total Equipment	172,500	34,108	206,608	202,567	4,041
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services	120,000	(42,817)	77,183	38,591	38,592
Construction Services	2,150,000	(1,109,841)	1,040,159	104,450	935,709
Total Facilities Acquis. and Const. Services	2,270,000	(1,152,658)	1,117,342	143,041	974,301
Total Capital Outlay	2,442,500	(1,118,550)	1,323,950	345,608	978,342
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	40,000		40,000	38,892	1,108
General Supplies	2,000	-	2,000	364	1,636
Total Summer School - Instruction	42,000	-	42,000	39,256	2,744
Total Summer School	42,000	-	42,000	39,256	2,744
Total Special Schools	42,000	-	42,000	39,256	2,744
Total Expenditures	75,232,601	(1,019,426)	74,213,175	74,569,922	(356,747)

(Continued)

EXHIBIT C-1

SAYREVILLE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (2,000,000)	$ 1,019,426	$ (980,574)	$ 3,550,859	$ 4,531,433
Other Financing Sources (Uses)					
Transfer Out - Capital Projects Fund	-	(1,707,650)	(1,707,650)	(1,707,650)	-
Total Other Financing Sources (Uses)	-	(1,707,650)	(1,707,650)	(1,707,650)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,000,000)	(688,224)	(2,688,224)	1,843,209	4,531,433
Fund Balances, Beginning of Year	4,917,017	-	4,917,017	4,917,017	-
Prior Period Adjustment	56,147	-	56,147	56,147	-
Fund Balances, End of Year	$ 2,973,164	$ (688,224)	$ 2,284,940	$ 6,816,373	$ 4,531,433

Recapitulation	
Reserved for	
Encumbrances	$ 542,483
Capital Reserve Account	1,251,000
Capital Reserve Account - Designated for Subsequent Years' Expenditures	3,621
Maintenance Reserve Account	1,000
Maintenance Reserve Account - Designated for Subsequent Years' Expenditures	29,539
Excess Surplus	562,041
Excess Surplus - Designated for Subsequent Year's Expenditures	325,916
Unreserved	
Designated for Subsequent Year's Expenditures	2,499,823
Undesignated	1,600,950
	6,816,373
Reconciliation to Governmental Funds Statements (GAAP)	
Less Delayed State Aid Revenue Not Recognized on GAAP Basis	(2,781,641)
Fund Balance Per Governmental Funds (GAAP)	$ 4,034,732

EXHIBIT C-1B1

SAYREVILLE BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - ARRA - EDUCATION STABILIZATION FUND (ESF)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources					
ARRA - SFSF - ESF (Education Stabilization Fund)	-	$ 2,642,840	$ 2,642,840	$ 2,642,840	-
Total Revenues	-	2,642,840	2,642,840	2,642,840	-
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Grades 9-12	-	2,642,840	2,642,840	2,642,840	-
Total Regular Programs	-	2,642,840	2,642,840	2,642,840	-
Excess of Revenues Over Expenditures	$ -	$ -	$ -	$ -	$ -

EXHIBIT C-1B2

GENERAL FUND - ARRA - GOVERNMENT SERVICES FUND (GSF)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources					
ARRA - SFSF - GSF (Government Services Fund)	-	$ 102,308	$ 102,308	$ 102,308	-
Total Revenues	-	102,308	102,308	102,308	-
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Grades 9-12	-	102,308	102,308	102,308	-
Total Regular Programs	-	102,308	102,308	102,308	-
Excess of Revenues Over Expenditures	$ -	$ -	$ -	$ -	$ -

SAYREVILLE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Intergovernmental					
State	$ 295,000	$ (41,740)	$ 253,260	$ 208,963	$ (44,297)
Federal	2,005,000	1,451,235	3,456,235	2,456,730	(999,505)
Local Sources					
Miscellaneous	-	42,395	42,395	38,381	(4,014)
Total Revenues	2,300,000	1,451,890	3,751,890	2,704,074	(1,047,816)
EXPENDITURES					
Instruction					
Salaries of Teachers	562,000	(195,986)	366,014	322,139	43,875
Other Salaries for Instruction	-	179,842	179,842	64,941	114,901
Purchased Professional and Technical Services	-	22,908	22,908	21,116	1,792
Other Purchased Services	211,000	1,264,813	1,475,813	1,462,532	13,281
General Supplies	18,000	455,811	473,811	164,600	309,211
Textbooks	30,000	14,217	44,217	39,168	5,049
Other Objects	-	67,395	67,395	38,381	29,014
Total Instruction	821,000	1,809,000	2,630,000	2,112,877	517,123
Support Services					
Salaries of Program Directors		118,965	118,965	68,018	50,947
Salaries of Other Professional Staff		50,466	50,466	42,401	8,065
Purchased Professional/Educational Services	1,443,000	(1,165,699)	277,301	82,361	194,940
Other Purchased Professional Services	36,000	(7,282)	28,718		28,718
Purchased Professional and Technical Services		89,138	89,138	86,632	2,506
Other Purchased Services		33,549	33,549	31,719	1,830
Tuition		27,967	27,967	-	27,967
Travel		7,307	7,307	1,961	5,346
Supplies		79,200	79,200	207	78,993
Other Objects	-	6,306	6,306	6,306	-
Total Support Services	1,479,000	(760,083)	718,917	319,605	399,312
Transportation - Contracted Services	-	15,114	15,114	15,114	-
Unallocated Employee Benefits	-	111,951	111,951	79,305	32,646
Facilities Acquisition and Construction					
Buildings	-	17,918	17,918	-	17,918
Instructional Equipment	-	201,759	201,759	177,173	24,586
Non-Instructional Equipment	-	56,231	56,231	-	56,231
Total Facilities Acquisition and Construction	-	275,908	275,908	177,173	98,735
Total Expenditures	2,300,000	1,451,890	3,751,890	2,704,074	1,047,816
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -	$ -	$ -

SAYREVILLE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	$ 78,120,781	$ 2,704,074
Difference - Budget to GAAP:		
State Aid revenue recognized for budgetary purposes, not recognized for GAAP statements.(2009-2010)	(2,781,641)	
State Aid revenue recognized for GAAP statements, not recognized for budgetary purposes (2008-2009)	2,916,768	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2010		-
Encumbrances, June 30, 2009	-	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	$ 78,255,908	$ 2,704,074
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	$ 74,569,922	$ 2,704,074
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for *budgetary* purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances , June 30, 2010		
Encumbrances , June 30, 2009	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 74,569,922	$ 2,704,074

SCHOOL LEVELS SCHEDULES

GENERAL FUND

NOT APPLICABLE

SPECIAL REVENUE FUND

SAYREVILLE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	193 Nonpublic Exam & Classification	193 Nonpublic Corrective Speech	193 Nonpublic Suppl. Inst.	Other Local Programs	Other (Exhibit) E-1a)	Other (Exhibit) E-1b)	Total 2010
REVENUES							
Intergovernmental							
State	$ 26,135	$ 24,661	$ 15,292		$ 142,875		$ 208,963
Federal					1,384,079	$ 1,072,651	2,456,730
Other Sources	-	-	-	$ 38,381	-	-	38,381
Total Revenues	$ 26,135	$ 24,661	$ 15,292	$ 38,381	$ 1,526,954	$ 1,072,651	$ 2,704,074
EXPENDITURES							
Instruction							
Salaries of Teachers					$ -	$ 322,139	$ 322,139
Other Salaries for Instruction					-	64,941	64,941
Purchased Prof. and Technical Services					4,338	16,778	21,116
Other Purchased Services	$ 26,135	$ 24,661			1,411,736	-	1,462,532
General Supplies					-	164,600	164,600
Textbooks			$ 15,292		23,876	-	39,168
Other Objects	-	-	-	$ 38,381	-	-	38,381
Total Instruction	26,135	24,661	15,292	38,381	1,439,950	568,458	2,112,877
Support Services							
Salaries of Program Directors					-	68,018	68,018
Salaries of Other Professional Staff					-	42,401	42,401
Personal Services Employee-Benefits					-	79,305	79,305
Purchased Prof.-Educational Services					-	82,361	82,361
Purchased Professional and Technical Services					71,890	14,742	86,632
Other Purchased Prof. Services					-	-	-
Contracted Svcs.-Transportation					15,114	-	15,114
Travel					-	1,961	1,961
Other Purchased Services					-	31,719	31,719
Supplies and Materials					-	207	207
Other Objects	-	-	-	-	-	6,306	6,306
Total Support Services	-	-	-	-	87,004	327,020	414,024
Facilities Acquisition and Construction							
Buildings					-	-	-
Non Instructional Equipment					-	-	-
Instructional Equipment	-	-	-	-	-	177,173	177,173
Total Facilities Acq. & Construction	-	-	-	-	-	177,173	177,173
Total Expenditures	$ 26,135	$ 24,661	$ 15,292	$ 38,381	$ 1,526,954	$ 1,072,651	$ 2,704,074

SAYREVILLE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	I.D.E.I.A. Part B Basic 09/10	I.D.E.A. Pre-School 09/10	Nonpublic Nursing Services	Nonpublic Home Instruction	Nonpublic Textbook Aid	192 Nonpublic Compensatory Aid	192 Nonpublic ESL	192 Nonpublic Transportation	Total Exhibit E-1a
REVENUES									
Intergovernmental									
State			$ 28,718	$ 4,130	$ 23,876	$ 70,058	$ 979	$ 15,114	$ 142,875
Federal	$ 1,329,447	$ 54,632							1,384,079
Other Sources	-	-	-	-	-	-	-	-	-
Total Revenues	$ 1,329,447	$ 54,632	$ 28,718	$ 4,130	$ 23,876	$ 70,058	$ 979	$ 15,114	$ 1,526,954
EXPENDITURES									
Instruction									
Salaries of Teachers									-
Other Salaries for Instruction									-
Purchased Prof. and Technical Services		$ 208		$ 4,130					4,338
Other Purchased Services	$ 1,286,275	54,424				$ 70,058	$ 979		1,411,736
General Supplies									-
Textbooks					$ 23,876				23,876
Other Objects	-	-	-	-	-	-	-	-	-
Total Instruction	1,286,275	54,632	-	4,130	23,876	70,058	979	-	1,439,950
Support Services									
Salaries of Program Directors									-
Salaries of Other Professional Staff									-
Personal Services Employee-Benefits									-
Purchased Prof.-Educational Services									-
Purchased Prof. and Technical Services	43,172		28,718						71,890
Other Purchased Prof. Services									-
Contracted Svcs.-Transportation								$ 15,114	15,114
Travel									-
Other Purchased Services									-
Supplies and Materials									-
Other Objects	-	-	-	-	-	-	-	-	-
	43,172	-	28,718	-	-	-	-	15,114	87,004
Facilities Acquisition and Construction									
Buildings									-
Non Instructional Equipment									-
Instructional Equipment	-	-	-	-	-	-	-	-	-
Total Facilities Acq. & Construction	-	-	-	-	-	-	-	-	-
Total Expenditures	$ 1,329,447	$ 54,632	$ 28,718	$ 4,130	$ 23,876	$ 70,058	$ 979	$ 15,114	$ 1,526,954

SAYREVILLE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Carl D. Perkins	NCLB Title I 09/10	NCLB Title I 08/09	NCLB Title II A 09/10	NCLB Title II A 08/09	NCLB Title II D 09/10	NCLB Title II D 08/09	NCLB Title III 09/10	NCLB Title III 08/09	NCLB Title IV A 09/10	ARRA Basic	Total Exhibit E-1b
REVENUES												
Intergovernmental												
State												
Federal	$ 24,958	$ 274,725	$ 46,610	$ 129,101	$ 12,230	$ 926	$ 4,004	$ 17,866	$ 3,582	$ 12,017	$ 546,632	$ 1,072,651
Other Sources	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	$ 24,958	$ 274,725	$ 46,610	$ 129,101	$ 12,230	$ 926	$ 4,004	$ 17,866	$ 3,582	$ 12,017	$ 546,632	$ 1,072,651
EXPENDITURES												
Instruction												
Salaries of Teachers	$ 640	$ 208,334		$ 52,000				$ 13,797		$ 2,243	$ 45,125	$ 322,139
Other Salaries for Instruction			$ 16,300					450	$ 900	7,750	39,541	64,941
Purchased Prof. and Technical Services		370	1,722	13,709					235	742		16,778
Other Purchased Services												-
General Supplies	19,686		20,835	4,011	$ 6,442	$ 94	$ 2,820		2,447		108,265	164,600
Textbooks												-
Other Objects	-	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	20,326	208,704	38,857	69,720	6,442	94	2,820	14,247	3,582	10,735	192,931	568,458
Support Services												
Salaries of Program Directors		12,075		6,255		122		313		200	49,053	68,018
Salaries of Other Professional Staff				28,550	1,746						12,105	42,401
Personal Svcs. - Employee Benefits	49	44,564		13,946		24		2,856		1,082	16,784	79,305
Purchased Prof.-Educational Services											82,361	82,361
Purchased Prof. and Technical Services		4									14,738	14,742
Other Purchased Prof. Services												-
Contracted Svcs.-Transportation												-
Travel			1,961									1,961
Other Purchased Services	4,583	7,412	2,786	10,630	2,708	686	1,184	450			1,280	31,719
Supplies and Materials											207	207
Other Objects	-	1,966	3,006	-	1,334	-	-	-	-	-	-	6,306
Total Support Services	4,632	66,021	7,753	59,381	5,788	832	1,184	3,619	-	1,282	176,528	327,020
Facilities Acq. & Construction												
Buildings												-
Non Instructional Equipment												-
Instructional Equipment	-	-	-	-	-	-	-	-	-	-	177,173	177,173
Total Facilities Acq. & Construction	-	-	-	-	-	-	-	-	-	-	177,173	177,173
Total Expenditures	$ 24,958	$ 274,725	$ 46,610	$ 129,101	$ 12,230	$ 926	$ 4,004	$ 17,866	$ 3,582	$ 12,017	$ 546,632	$ 1,072,651

SAYREVILLE BOARD OF EDUCATION
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOT APPLICABLE

CAPITAL PROJECTS FUND

SAYREVILLE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Issue/Project Title	Modified Appropriation July 1, 2009	Expenditures to Date Prior Years	Expenditures to Date Current Year	Cancelled	Project Balance June 30, 2010
Expansion and Renovation of Samsel School	$ 27,408,560	$ 25,149,286		$ 2,259,274	
Sayreville War Memorial High School Additions/Ren.	49,132,907	42,741,822	$ 5,389,089	-	$ 1,001,996
EDA Grant 4660-050-09-1001 War Mem. HS-Roof Rep.	170,042	91,290	78,752		-
EDA Grant 4660-050-09-1002 MS Roof Repair	8,456	907	7,549		-
EDA Grant 4660-050-09-1006 Arleth Elem.-Roof Project	263,859	28,303	225,406		10,150
EDA Grant 4660-050-09-1005 MS - Door Replacement	91,231	8,221	83,010		-
EDA Grant 4660-050-09-1003 Arleth Elem.-Door Rep.	26,039	2,291	23,748		-
EDA Grant 4660-050-09-1004 Eisen. Elem-Door Project	37,051	3,255	33,796		-
EDA Grant 4660-120-09-2007 Wilson Elem-Floor Proj	78,850	6,100	63,100		9,650
EDA Grant 4660-120-09-2008 Wilson Elem-Heating Proj	1,605,955		58,266		1,547,689
EDA Grant 4660-060-10-1001 Arleth -Roof Proj Phase II	693,300	-	44,400	-	648,900
	$ 79,516,250	$ 68,031,475	$ 6,007,116	$ 2,259,274	$ 3,218,385

Reconciliation to GAAP Basis

Project Balances, June 30, 2010	$ 3,218,385
Less: Unearned Revenue - State Facilities Grants	(885,699)
Fund Balance, June 30, 2010 - GAAP Basis	$ 2,332,686

Analysis of Project Financing Sources	Original Appropriation	Revisions	Modified Appropriation June 30, 2010
Expansion and Renovation of Samsel School			
Referendum Date: December 11, 2001			
State Project #4660-X01-01-1975			
State Facilities Grant	$ 6,928,560		$ 6,928,560
Bond Proceeds	21,920,000		21,920,000
Transferred to Debt Service Fund-Unspent Bond Proceeds	-	$ (3,699,274)	(3,699,274)
	$ 28,848,560	$ (3,699,274)	$ 25,149,286
Sayreville War Memorial High School Addition/Renovations			
Referendum Dates: April 19, 2005, December 9, 2008			
State Project #4660-050-05-1000			
State Facilities Grant	$ 13,910,264		$ 13,910,264
Bond Proceeds	33,022,000		33,022,000
Bonds Authorized/Permanently Financed Note		$ 2,200,000	2,200,000
Local Contribution - Interest	643	-	643
	$ 46,932,907	$ 2,200,000	$ 49,132,907

SAYREVILLE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

Revenues and Other Financing Sources	
Revenues:	
Interest	$ 146
SDA Grant Award	1,126,767
Other Financing Sources	
Transfer In - General Fund	1,707,650
Permanently Financed Project Note	2,200,000
Total Revenues and Other Financing Sources	5,034,563
Expenditures and Other Financing Uses	
Expenditures:	
Capital Outlay	
Facilities Acquisition and Construction	
Other Purchased Professional and Technical Services	361,345
Construction Services	5,246,655
Other Objects	399,116
Other Financing Uses:	
Transfer to Debt Service Fund	2,259,420
Total Expenditures	8,266,536
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,231,973)
Fund Balance, Beginning of Year	6,450,358
Fund Balance, End of Year	$ 3,218,385
Reconciliation to GAAP Basis	
Fund Balance, End of Year - Budgetary Basis	$ 3,218,385
Less: Unearned Revenue - State Facilities Grants	(885,699)
Fund Balance , June 30, 2010 - GAAP Basis	$ 2,332,686

EXHIBIT F-2a

SAYREVILLE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
WAR MEMORIAL HIGH SCHOOL - ROOF REPAIR PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources- SDA Grant	$ 36,516	$ 31,501	$ 68,017	$ 68,017
Local Share - Capital Outlay	54,774	47,251	102,025	102,025
	-	-	-	-
Total Revenues and Other Financing Sources	91,290	78,752	170,042	170,042
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	18,240	1,002	19,242	19,242
Construction Services	73,050	77,750	150,800	150,800
Total Expenditures and Other Financing Uses	91,290	78,752	170,042	170,042
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ -	$ -	$ -	$ -

Additional project information:

Project Number	4660-050-09-1001
Grant Date	January 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	170,042
Additional Authorized Cost	
Revised Authorized Cost	170,042
Percentage Increase(Decrease) Over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2010
Revised Target Completion Date	N/A

EXHIBIT F-2b

SAYREVILLE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
MIDDLE SCHOOL - ROOF REPAIR PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources- SDA Grant	$ 363	$ 3,019	$ 3,382	$ 3,382
Local Share - Capital Outlay	544	4,530	5,074	5,074
	-	-	-	-
Total Revenues and Other Financing Sources	907	7,549	8,456	8,456
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	907	49	956	956
Construction Services	-	7,500	7,500	7,500
Total Expenditures and Other Financing Uses	907	7,549	8,456	8,456
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ -	$ -	$ -	$ -

Additional project information:

Project Number	4660-050-09-1002
Grant Date	January 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	8,456
Additional Authorized Cost	
Revised Authorized Cost	8,456
Percentage Increase(Decrease) Over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2010
Revised Target Completion Date	N/A

EXHIBIT F-2c

SAYREVILLE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
ARLETH ELEMENTARY SCHOOL - ROOF REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources- SDA Grant	$ 11,321	$ 94,223	$ 105,544	$ 105,544
Local Share - Capital Outlay	16,982	141,333	158,315	158,315
	-	-	-	-
Total Revenues and Other Financing Sources	28,303	235,556	263,859	263,859
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	28,303	1,556	29,859	29,859
Construction Services	-	223,850	223,850	234,000
Total Expenditures and Other Financing Uses	28,303	225,406	253,709	263,859
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ -	$ 10,150	$ 10,150	$ -

Additional project information:

Project Number	4660-050-09-1006
Grant Date	January 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	263,859
Additional Authorized Cost	
Revised Authorized Cost	263,859
Percentage Increase(Decrease) Over Original Authorized Cost	N/A
Percentage Completion	96.15%
Original Target Completion Date	June 30, 2010
Revised Target Completion Date	N/A

EXHIBIT F-2d

SAYREVILLE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
MIDDLE SCHOOL - DOOR REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources- SDA Grant	$ 3,288	$ 33,204	$ 36,492	$ 36,492
Local Share - Capital Outlay	4,933	49,806	54,739	54,739
	-	-	-	-
Total Revenues and Other Financing Sources	8,221	83,010	91,231	91,231
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	7,105	226	7,331	7,331
Construction Services	1,116	82,784	83,900	83,900
Total Expenditures and Other Financing Uses	8,221	83,010	91,231	91,231
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ -	$ -	$ -	$ -

Additional project information:

Project Number	4660-050-09-1005
Grant Date	January 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	91,231
Additional Authorized Cost	
Revised Authorized Cost	91,231
Percentage Increase(Decrease) Over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2010
Revised Target Completion Date	N/A

EXHIBIT F-2e

SAYREVILLE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
ARLETH ELEMENTARY SCHOOL - DOOR REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources- SDA Grant	$ 916	$ 9,500	$ 10,416	$ 10,416
Local Share - Capital Outlay	1,375	14,248	15,623	15,623
	-	-	-	-
Total Revenues and Other Financing Sources	2,291	23,748	26,039	26,039
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	2,020	159	2,179	2,179
Construction Services	271	23,589	23,860	23,860
Total Expenditures and Other Financing Uses	2,291	23,748	26,039	26,039
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ -	$ -	$ -	$ -

Additional project information:

Project Number	4660-050-09-1003
Grant Date	January 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	26,039
Additional Authorized Cost	
Revised Authorized Cost	26,039
Percentage Increase(Decrease) Over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2010
Revised Target Completion Date	N/A

EXHIBIT F-2f

SAYREVILLE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
EISENHOWER ELEMENTARY - EXTERIOR DOOR PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources- SDA Grant	$ 1,302	$ 13,518	$ 14,820	$ 14,820
Local Share - Capital Outlay	1,953	20,278	22,231	22,231
	-	-	-	-
Total Revenues and Other Financing Sources	3,255	33,796	37,051	37,051
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	2,875	226	3,101	3,101
Construction Services	380	33,570	33,950	33,950
Total Expenditures and Other Financing Uses	3,255	33,796	37,051	37,051
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ -	$ -	$ -	$ -

Additional project information:	
Project Number	4660-050-09-1004
Grant Date	January 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	37,051
Additional Authorized Cost	
Revised Authorized Cost	37,051
Percentage Increase(Decrease) Over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2010
Revised Target Completion Date	N/A

EXHIBIT F-2g

SAYREVILLE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
WILSON ELEMENTARY SCHOOL - MULTI-PURPOSE FLOOR PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources- SDA Grant	$ 2,440	$ 22,100	$ 24,540	$ 24,540
Local Share - Capital Outlay	3,660	50,650	54,310	54,310
	-	-	-	-
Total Revenues and Other Financing Sources	6,100	72,750	78,850	78,850
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	6,100		6,100	15,750
Construction Services	-	63,100	63,100	63,100
Total Expenditures and Other Financing Uses	6,100	63,100	69,200	78,850
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ -	$ 9,650	$ 9,650	$ -

Additional project information:

Project Number	4660-120-09-2007
Grant Date	July 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	61,350
Additional Authorized Cost	17,500
Revised Authorized Cost	78,850
Percentage Increase(Decrease) Over Original Authorized Cost	28.52%
Percentage Completion	87.76%
Original Target Completion Date	June 30, 2010
Revised Target Completion Date	N/A

EXHIBIT F-2b

SAYREVILLE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
WILSON ELEMENTARY SCHOOL - HEATING SYSTEM UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources- SDA Grant		$ 642,382	$ 642,382	$ 642,382
Local Share - Capital Outlay		963,573	963,573	963,573
	-	-	-	-
Total Revenues and Other Financing Sources	-	1,605,955	1,605,955	1,605,955
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		58,266	58,266	426,825
Construction Services	-	-	-	1,179,130
Total Expenditures and Other Financing Uses	-	58,266	58,266	1,605,955
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ -	$ 1,547,689	$ 1,547,689	$ -

Additional project information:

Project Number	4660-120-09-2008
Grant Date	August 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	1,605,955
Additional Authorized Cost	
Revised Authorized Cost	1,605,955
Percentage Increase(Decrease) Over Original Authorized Cost	N/A
Percentage Completion	3.63%
Original Target Completion Date	June 30, 2011
Revised Target Completion Date	N/A

EXHIBIT F-2i

SAYREVILLE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
ARLETH ELEMENTARY SCHOOL - PHASE II ROOF REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources- SDA Grant		$ 277,320	$ 277,320	$ 277,320
Local Share - Capital Outlay		415,980	415,980	415,980
	-	-	-	-
Total Revenues and Other Financing Sources	-	693,300	693,300	693,300
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		44,400	44,400	97,062
Construction Services	-	-	-	596,238
Total Expenditures and Other Financing Uses	-	44,400	44,400	693,300
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ -	$ 648,900	$ 648,900	$ -

Additional project information:	
Project Number	4660-060-10-1001
Grant Date	
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	693,300
Additional Authorized Cost	
Revised Authorized Cost	693,300
Percentage Increase(Decrease) Over Original Authorized Cost	N/A
Percentage Completion	6.40%
Original Target Completion Date	June 30, 2011
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

EXHIBIT G-1

SAYREVILLE BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

EXHIBIT H-1

SAYREVILLE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY FUND NET ASSETS
AS OF JUNE 30, 2010

	Student Activity	Payroll	Total Agency Funds
ASSETS			
Cash	$ 225,193	$ 2,042	$ 227,235
Total Assets	$ 225,193	$ 2,042	$ 227,235
LIABILITIES			
Payroll Deductions Payable		$ 2,042	$ 2,042
Payable to Student Groups	$ 225,193	-	225,193
Total Liabilities	$ 225,193	$ 2,042	$ 227,235

EXHIBIT H-2

SAYREVILLE BOARD OF EDUCATION
FIDUCIARY FUNDS
NONEXPENDABLE TRUST FUND
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOT APPLICABLE

EXHIBIT H-3

STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance, July 1, 2009	Cash Receipts	Cash Disbursements	Balance, June 30, 2010
ELEMENTARY SCHOOLS				
Emma L. Arleth	$ 3,611	$ 99	$ 394	$ 3,316
Eisenhower	2,885	78	-	2,963
Harry S. Truman	14,251	-	981	13,270
Wilson	1,899	-	-	1,899
Selover	120	-	-	120
Upper Elementary School	3,821	7,620	6,248	5,193
TOTAL ELEMENTARY SCHOOLS	26,587	7,797	7,623	26,761
MIDDLE SCHOOL				
Middle	28,999	105,967	109,116	25,850
TOTAL MIDDLE SCHOOL	28,999	105,967	109,116	25,850
SENIOR HIGH SCHOOL				
War Memorial	163,147	519,610	510,357	172,400
Athletic Account	(1,384)	69,652	68,086	182
TOTAL SENIOR HIGH SCHOOL	161,763	589,262	578,443	172,582
TOTAL ASSETS	$ 217,349	$ 703,026	$ 695,182	$ 225,193

EXHIBIT H-4

SAYREVILLE BOARD OF EDUCATION
FIDUCIARY FUNDS
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance, July 1, 2009	Cash Receipts	Cash Disbursements	Balance, June 30, 2010
ASSETS				
Cash	$ 16,564	$ 76,520,700	$ 76,535,222	$ 2,042
Total Assets	$ 16,564	$ 76,520,700	$ 76,535,222	$ 2,042
LIABILITIES				
Payroll Deductions and Withholdings	$ 16,564	49,374,535	49,389,057	$ 2,042
Accrued Salaries and Wages	-	27,146,165	27,146,165	-
Total Liabilities	$ 16,564	$ 76,520,700	$ 76,535,222	$ 2,042

LONG-TERM DEBT

SAYREVILLE BOARD OF EDUCATION
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Issue	Date of Issue	Amount of Issue	Date	Amount	Interest Rate	Balance, July 1, 2009	Retired Current Year	Balance June 30, 2010
Serial Bonds	07/15/99	$ 4,945,000	07/15/10	$ 205,000	4.900%	$ 400,000	$ 195,000	$ 205,000
Serial Bonds	03/01/02	21,920,000	03/01/11	530,000	4.750%			
			03/01/12	555,000	4.750%			
			03/01/13	310,000	4.750%			
			03/01/14	320,000	4.750%			
			03/01/15	365,000	4.750%			
			03/01/16	195,000	4.750%	2,745,000	470,000	2,275,000
Serial Bonds	07/01/05	33,022,000	07/01/10	585,000	4.00%			
			07/01/11	620,000	4.00%			
			07/01/12	655,000	4.00%			
			07/01/13	695,000	4.00%			
			07/01/14	675,000	4.00%			
			07/01/15	850,000	4.00%			
			07/01/16	900,000	4.00%			
			07/01/17	930,000	4.00%			
			07/01/18	985,000	4.00%			
			07/01/19	1,060,000	4.00%			
			07/01/20	1,110,000	4.25%			
			07/01/21	1,160,000	4.25%			
			07/01/22	1,220,000	4.25%			
			07/01/23	1,280,000	4.25%			
			07/01/24	1,340,000	4.25%			
			07/01/25	1,400,000	4.50%			
			07/01/26	1,470,000	4.50%			
			07/01/27	3,375,000	4.50%			
			07/01/28	3,540,000	4.50%			
			07/01/29	3,715,000	4.50%			
			07/01/30	3,892,000	4.50%	32,007,000	550,000	31,457,000

SAYREVILLE BOARD OF EDUCATION
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Issue	Date of Issue	Amount of Issue	Date	Amount	Interest Rate	Balance, July 1, 2009	Retired Current Year	Balance June 30, 2010
Refunding Bonds	09/01/06	$ 10,000,000	03/01/11	$ 205,000	4.50%			
			03/01/12	220,000	4.50%			
			03/01/13	495,000	4.50%			
			03/01/14	505,000	4.50%			
			03/01/15	560,000	4.50%			
			03/01/16	520,000	4.50%			
			03/01/17	540,000	4.00%			
			03/01/18	570,000	4.00%			
			03/01/19	585,000	4.00%			
			03/01/20	600,000	4.00%			
			03/01/21	620,000	4.00%			
			03/01/22	650,000	4.00%			
			03/01/23	675,000	4.00%			
			03/01/24	700,000	4.10%			
			03/01/25	730,000	4.10%			
			03/01/26	760,000	4.125%			
			03/01/27	795,000	4.125%	$ 9,925,000	$ 195,000	$ 9,730,000
Refunding Bonds	01/01/07	10,000,000	03/01/11	5,000	3.50%			
			03/01/12	250,000	3.75%			
			03/01/13	255,000	4.00%			
			03/01/14	270,000	4.00%			
			03/01/15	280,000	4.00%			
			03/01/16	400,000	4.00%			
			03/01/17	615,000	4.00%			
			03/01/18	655,000	4.00%			
			03/01/19	675,000	4.00%			
			03/01/20	690,000	4.00%			
			03/01/21	720,000	4.00%			
			03/01/22	745,000	4.00%			
			03/01/23	775,000	4.00%			
			03/01/24	810,000	4.00%			
			03/01/25	840,000	4.00%			
			03/01/26	875,000	4.00%			
			03/01/27	910,000	4.00%	9,770,000	-	9,770,000
						$ 54,847,000	$ 1,410,000	$ 53,437,000
						Budget Appropriati	$ 1,410,000	

SAYREVILLE BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Series	Amount of Original Issue	Balance, July 1, 2009	Issued	Retired	Balance, June 30, 2010
Energy Conservation	$ 1,856,422	$ 238,552		$ 238,552	-
One Savin Copier - 4075	28,789	6,026		6,026	-
Twenty Savin Copiers	476,000	390,020		90,362	$ 299,658
1 Type C 20 Passenger Bus	69,985	52,662		16,829	35,833
Computers (Non-Capital Items)	576,900	388,645		191,219	197,426
2 Buses	131,207	99,432		32,091	67,341
Vehicle	48,893	39,520	-	9,412	30,108
		$ 1,214,857	$ -	$ 584,491	$ 630,366
Analysis of Leases					
Capital Leases Payable		$ 826,212		$ 393,272	$ 432,940
Lease Purchase Agreements		388,645	-	191,219	197,426
		$ 1,214,857	$ -	$ 584,491	$ 630,366

EXHIBIT I-3

SAYREVILLE BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	$ 3,571,789		$ 3,571,789	$ 3,571,789	
State Sources					
State Aid Type II	150,937	-	150,937	150,937	-
Total Revenues	3,722,726	-	3,722,726	3,722,726	-
EXPENDITURES					
Regular Debt Service					
Interest	2,372,000		2,372,000	2,370,489	$ 1,511
Principal-Bonds	1,410,000	-	1,410,000	1,410,000	-
Principal-Notes	2,200,000	-	2,200,000	2,200,000	-
Total Expenditures	5,982,000	-	5,982,000	5,980,489	1,511
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,259,274)	-	(2,259,274)	(2,257,763)	1,511
Other Financing Sources:					
Transfer In - Capital Projects Fund	2,259,274	-	2,259,274	2,259,420	146
Total Other Financing Sources	2,259,274	-	2,259,274	2,259,420	146
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	-	-	-	1,657	1,657
Fund Balance (Deficit), Beginning of Year	(200,542)	-	(200,542)	(200,542)	-
Fund Balance (Deficit), End of Year	$ (200,542)	$ -	$ (200,542)	$ (198,885)	$ 1,657

STATISTICAL SECTION

This part of the Sayreville Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Exhibits
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	J-1 to J-5
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	J-14 and J-15
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

SAYREVILLE BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

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

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

SAYREVILLE BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities								
Instruction								
Regular	$ 23,582,636	$ 25,574,212	$ 27,198,293	$ 26,993,074	$ 28,956,537	$ 29,663,093	$ 29,190,181	$ 29,593,116
Special Education	9,743,429	9,887,931	11,493,243	13,389,191	14,597,293	15,408,864	14,592,943	14,856,933
Other Instruction	2,055,668	1,510,348	1,745,170	2,579,464	2,674,262	2,594,479	2,736,316	3,057,678
School Sponsored Activities And Athletics		906,559	955,054	1,098,115	1,074,154	1,124,726	1,114,573	1,132,284
Support Services:								
Student & Instruction Related Services	6,272,789	6,903,232	7,091,907	7,969,234	9,079,359	9,414,481	9,793,686	9,662,198
General Administration	3,068,315	2,044,843	2,318,193	1,792,276	1,873,089	1,712,369	1,730,301	1,794,351
School Administrative Services	2,363,382	2,582,399	3,219,387	3,282,722	3,557,503	3,791,245	3,793,162	3,896,746
Central Services/Business Services	587,803	574,332	598,891	633,110	646,135	664,057	744,815	753,203
Administrative Information Technology				158,094	170,518	536,648	506,527	506,291
Plant Operations And Maintenance	4,462,243	5,146,814	5,541,257	6,494,192	7,118,736	7,456,984	7,145,168	8,567,470
Pupil Transportation	4,381,430	4,328,056	4,802,551	5,052,566	4,839,927	5,226,471	5,321,605	5,124,690
Interest On Long-Term Debt	1,299,513	1,408,624	1,358,571	2,710,322	2,392,879	2,493,302	2,465,726	2,430,624
Total Governmental Activities Expenses	57,817,208	60,867,350	66,322,517	72,152,360	76,980,392	80,086,719	79,135,003	81,375,584
Business-Type Activities:								
Food Service	1,405,328	1,416,751	1,501,980	1,547,337	1,600,522	1,773,143	1,845,421	2,085,959
Adult School	-	-	-	-	97,015	131,746	139,320	135,189
Total Business-Type Activities Expense	1,405,328	1,416,751	1,501,980	1,547,337	1,697,537	1,904,889	1,984,741	2,221,148
Total District Expenses	$ 59,222,536	$ 62,284,101	$ 67,824,497	$ 73,699,697	$ 78,677,929	$ 81,991,608	$ 81,119,744	$ 83,596,732
Program Revenues								
Governmental Activities:								
Charges For Services:								
Instruction (Tuition)	$ 74,092	$ 74,026	$ 68,269	$ 88,565				$ 520,031
Operating Grants And Contributions	2,289,594	12,717,312	13,409,060	14,129,962	$ 16,458,797	$ 17,313,132	$ 12,945,974	16,741,306
Capital Grants And Contributions	2,658,514	2,960,516	999,235	1,607,432	3,575,623	4,204,599	4,282,343	1,861,157
Total Governmental Activities Program Revenues	5,022,200	15,751,854	14,476,564	15,825,959	20,034,420	21,517,731	17,228,317	19,122,494
Business-Type Activities:								
Charges For Services								
Food Service	$ 1,072,257	$ 1,106,336	$ 1,149,445	$ 1,070,043	$ 1,062,654	$ 1,129,271	$ 1,108,405	$ 1,107,345
Adult School					116,388	126,707	170,557	131,018
Operating Grants And Contributions	319,051	364,544	396,720	472,767	510,393	554,453	628,343	904,101
Total Business Type Activities Program Revenues	1,391,308	1,470,880	1,546,165	1,542,810	1,689,435	1,810,431	1,907,305	2,142,464
Total District Program Revenues	$ 6,413,508	$ 17,222,734	$ 16,022,729	$ 17,368,769	$ 21,723,855	$ 23,328,162	$ 19,135,622	$ 21,264,958

SAYREVILLE BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Net (Expense)/Revenue								
Governmental Activities	$ (52,795,008)	$ (45,115,496)	$ (51,845,953)	$ (56,326,401)	$ (56,945,972)	$ (58,568,988)	$ (61,906,686)	$ (62,253,090)
Business-Type Activities	(14,020)	54,129	44,185	(4,527)	(8,102)	(94,458)	(77,436)	(78,684)
Total District-Wide Net Expense	$ (52,809,028)	$ (45,061,367)	$ (51,801,768)	$ (56,330,928)	$ (56,954,074)	$ (58,663,446)	$ (61,984,122)	$ (62,331,774)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Property Taxes Levied For General Purposes, Net	$ 37,206,708	$ 40,156,545	$ 41,866,730	$ 44,763,506	$ 47,713,318	$ 49,247,481	$ 49,849,540	$ 50,912,157
Property Taxes Levied For Debt Service	910,787	1,469,855	1,610,467	1,731,488	1,729,236	2,390,237	2,638,639	3,571,789
State Aid - Unrestricted	16,981,575	8,430,562	8,835,306	8,977,407	8,925,869	9,648,053	13,489,396	12,392,195
State Aid - Restricted for Debt Service Principal		64,562	66,752	62,061	58,886	51,468	70,825	55,847
Investment and Interest Earnings	1,399,992	347,803	153,290	1,475,026	1,742,894	874,225	190,809	92,194
Miscellaneous Income	78,226	180,805	189,382	415,221	209,726	167,671	315,248	220,162
Transfers	-	-	-	-	(16,334)	-	-	-
Total Governmental Activities	56,577,288	50,650,132	52,721,927	57,424,709	60,363,595	62,379,135	66,554,457	67,244,344
Business-Type Activities:								
Investment Earnings								
Transfers	-	-	-	-	16,334	-	-	-
Total Business-Type Activities	-	-	-	-	16,334	-	-	-
Total District-Wide	$ 56,577,288	$ 50,650,132	$ 52,721,927	$ 57,424,709	$ 60,379,929	$ 62,379,135	$ 66,554,457	$ 67,244,344
Change in Net Assets								
Governmental Activities	$ 3,782,280	$ 5,534,636	$ 875,974	$ 1,098,308	$ 3,417,623	$ 3,810,147	$ 4,647,771	$ 4,991,254
Business-Type Activities	(14,020)	54,129	44,185	(4,527)	8,232	(94,458)	(77,436)	(78,684)
Total District	$ 3,768,260	$ 5,588,765	$ 920,159	$ 1,093,781	$ 3,425,855	$ 3,715,689	$ 4,570,335	$ 4,912,570

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

SAYREVILLE BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	$ 294,032	$ 1,647,168	$ 2,280,569	$ 1,250,862	$ 931,278	$ 573,876	$ 1,294,300	$ 2,715,600
Unreserved	2,121,862	3,519,652	2,064,888	1,730,381	1,619,550	1,282,404	705,949	1,319,132
Total General Fund	$ 2,415,894	$ 5,166,820	$ 4,345,457	$ 2,981,243	$ 2,550,828	$ 1,856,280	$ 2,000,249	$ 4,034,732
All Other Governmental Funds								
Reserved	$ 17,374,982	$ 3,939,553	$ 4,694,905	$ 3,189,409	$ 33,279,391	$ 19,233,632	$ 4,543,309	$ 2,312,417
Unreserved	1,657,648	2,480,157	(854,141)	32,736,892	(6,107,398)	(2,896,371)	263,591	(178,616)
Total All Other Governmental Funds	$ 19,032,630	$ 6,419,710	$ 3,840,764	$ 35,926,301	$ 27,171,993	$ 16,337,261	$ 4,806,900	$ 2,133,801

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

EXHIBIT J-4

SAYREVILLE BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Tax Levy	$ 38,117,495	$ 41,626,400	$ 43,477,197	$ 46,494,994	$ 49,442,554	$ 51,637,718	$ 52,488,179	$ 54,483,946
Tuition/Program Fees	74,092	74,026	68,269	88,565				520,031
Investment and Interest Earnings	1,399,991	347,803	153,290	1,475,026	1,742,895	874,225	190,809	92,194
Miscellaneous	78,227	182,205	191,382	417,221	215,840	175,198	334,113	258,543
State Sources	20,314,180	22,345,571	21,273,995	22,601,506	26,921,814	29,091,163	28,659,725	25,691,006
Federal Sources	1,615,503	1,825,981	2,034,358	2,173,356	2,091,246	2,118,562	2,109,948	5,321,118
Total Revenue	61,599,488	66,401,986	67,198,491	73,250,668	80,414,349	83,896,866	83,782,774	86,366,838
Expenditures								
Instruction								
Regular Instruction	23,327,011	24,608,214	26,302,059	26,781,664	28,678,833	29,563,719	29,173,094	29,501,254
Special Education Instruction	9,738,439	9,875,524	11,497,517	13,340,015	14,530,195	15,401,293	14,603,963	14,798,153
Other Instruction	1,973,876	1,507,598	1,746,286	2,568,200	2,657,323	2,592,462	2,739,407	3,053,591
School Sponsored Activities and Athletics		904,947	955,545	1,089,829	1,063,273	1,124,027	1,115,544	1,131,060
Support Services:								
Student and Inst. Related Services	6,443,066	6,890,250	7,096,155	7,978,477	9,074,325	9,407,873	9,787,041	9,651,032
General Administration	2,784,621	1,951,049	2,146,713	1,750,533	1,820,780	1,681,141	1,700,897	1,770,957
School Administrative Services	2,261,290	2,577,093	3,221,400	3,208,781	3,470,146	3,695,306	3,659,784	3,762,675
Central Services/Business Services		633,777	599,276	628,207	639,794	663,523	745,610	752,226
Admin. Information Technology				158,094	170,518	536,321	506,940	505,806
Plant Operations And Maintenance	4,629,892	4,784,071	4,928,672	5,154,171	5,708,902	6,084,847	5,984,119	6,178,568
Pupil Transportation	4,533,235	4,351,523	4,673,775	4,961,513	4,746,160	5,084,675	5,225,299	5,017,869
Capital Outlay	7,721,659	16,540,006	4,819,035	4,975,938	11,978,176	16,191,825	16,390,481	6,529,897
Debt Service:								
Principal	1,275,000	680,000	1,489,167	1,568,213	1,820,613	1,474,876	1,849,193	4,194,491
Interest and Other Charges	1,276,498	1,274,679	1,384,756	1,428,121	3,223,700	2,470,243	2,444,794	2,414,022
Payments to Refunding Escrow Agent					931,825			
Cost of Issuance Of Refunding Bonds	-	-	-	-	262,258	-	-	-
Total Expenditures	65,964,587	76,578,731	70,860,356	75,591,756	90,776,821	95,972,131	95,926,166	89,261,601
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,365,099)	(10,176,745)	(3,661,865)	(2,341,088)	(10,362,472)	(12,075,265)	(12,143,392)	(2,894,763)

SAYREVILLE BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Other Financing Sources (Uses)								
Proceeds From Bonds/Notes				$ 33,022,000				$ 2,200,000
Lease Proceeds (Non-Budgeted)	$ 376,008	$ 314,751	$ 261,556	40,411		$ 545,985	$ 757,000	
Proceeds From Refunding Bonds					$ 20,000,000			
Payments To Escrow Agent					(19,070,000)			
Premium on Refunding Bonds					264,083			
Transfers In	1,341,305	301,193	561,626	1,565,548	2,066,464	1,340,310	594,457	3,967,070
Transfers Out	(1,341,305)	(301,193)	(561,626)	(1,565,548)	(2,082,798)	(1,340,310)	(594,457)	(3,967,070)
Total Other Financing Sources (Uses)	376,008	314,751	261,556	33,062,411	1,177,749	545,985	757,000	2,200,000
Net Change in Fund Balances	$ (3,989,091)	$ (9,861,994)	$ (3,400,309)	$ 30,721,323	$ (9,184,723)	$ (11,529,280)	$ (11,386,392)	$ (694,763)
Debt Service as a Percentage of Noncapital Expenditures	4.38%	3.26%	4.35%	4.24%	7.92%	4.94%	5.40%	7.99%

* Noncapital expenditures are total expenditures less capital outlay.

Note:

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

SAYREVILLE BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Interest on Investments	$ 288,729	$ 105,610	$ 62,037	$ 46,610	$ 79,404	$ 179,526	$ 141,431	$ 166,376	$ 91,352	$ 92,048
Tuition - Adult School	74,078	73,196	74,092	67,051	68,269	88,565				
Tuition			32,752	6,975	19,235	6,300				15,669
E-Rate				50,610	13,565	69,546	87,910	92,243	90,148	155,367
Sale of Property/Equipment	249,985								173	
Jointures		17,675				13,500	23,897	7,113	2,825	7,615
Miscellaneous	17,550	39,783	26,962	4,191	117	39,142	21,900	31,129	15,344	37,653
Prior Year Refunds			3,241	21,999	4,955	18,127		10,790		
Building Use				5,520	4,520	8,958		13,500	43,540	19,527
Lease	76,792	27,266							7,558	
Lawsuit Settlement	32,500									
Old Outstanding Checks Voided	3,216			12,521			36,842		7,499	
Soda Commissions			7,203	7,480	19,540	8,439			354	
Telephone Commissions	13,694	12,712	92							
Insurance Reimbursements			4,626	11,866			22,057			
Energy Audit					90,094	21,519	13,402	3,907		
Telephone Audit					4,845	67,325				
Student Activities Reimbursement									112,882	
Prior Year's Tuition Refund	42,674	43,338	-	66,618	32,511	162,365	3,718	8,989	34,925	504,362
Total Miscellaneous	$ 799,218	$ 319,580	$ 211,005	$ 301,441	$ 337,055	$ 683,312	$ 351,157	$ 334,047	$ 406,600	$ 832,241

Source: District Records

SAYREVILLE BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate [a]
2001	$ 71,346,100	$ 1,529,311,000	$ 143,900	$ 8,700	$ 182,513,400	$174,681,400	$ 137,633,600	$ 2,095,638,100	$ 6,735,618	$ 2,102,373,718	$2,397,899,971	$ 1.680
2002	67,618,100	1,556,345,500	143,900	8,700	177,874,200	177,613,500	140,629,600	2,120,233,500	6,515,441	2,126,748,941	2,642,950,728	1.790
2003	77,045,400	1,570,310,000	143,900	8,700	178,186,900	178,006,400	142,543,900	2,146,245,200	6,145,460	2,152,390,660	2,923,492,541	1.930
2004	80,802,900	1,610,298,200	143,900	8,700	177,924,300	180,356,400	143,872,800	2,193,407,200	5,302,488	2,198,709,688	3,361,390,740	1.980
2005	71,059,600	1,661,331,100	143,900	8,700	182,346,800	174,670,800	150,136,800	2,239,697,700	4,684,765	2,244,382,465	3,899,286,016	2.070
2006	66,272,100	1,688,649,800	143,900	8,700	184,036,100	152,535,700	155,519,200	2,247,165,500	3,979,839	2,251,145,339	4,354,917,557	2.200
2007	64,708,000	1,703,734,200	143,900	8,700	186,098,600	151,582,300	157,734,300	2,264,010,000	3,577,707	2,267,587,707	5,017,009,601	2.280
2008	60,388,200	1,712,742,000	143,900	8,700	181,383,700	162,969,600	157,837,200	2,275,473,300	3,152,506	2,278,625,806	5,483,324,065	2.310
2009	53,891,400	1,718,223,000	143,900	9,400	180,687,300	166,300,400	156,552,800	2,275,808,200	3,285,854	2,279,094,054	5,556,140,747	2.390
2010	52,993,700	1,723,657,500	143,900	9,400	178,476,300	174,779,900	153,500,300	2,283,561,000	3,440,286	2,287,001,286	5,398,243,762	2.409

Source: County Abstract of Ratables

a Tax rates are per $100

EXHIBIT J-7

SAYREVILLE BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(RATE PER $100 OF ASSESSED VALUE)

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		
	Sayreville Local School District	Municipality of Sayreville	County of Middlesex	Total
2001	$ 1.680	$ 0.650	$ 0.450	$ 2.780
2002	1.790	0.720	0.510	3.020
2003	1.930	0.720	0.530	3.180
2004	1.980	0.760	0.550	3.290
2005	2.070	0.770	0.540	3.380
2006	2.200	0.830	0.570	3.600
2007	2.280	0.900	0.630	3.810
2008	2.304	0.990	0.690	3.984
2009	2.390	1.085	0.721	4.196
2010	2.409	1.140	0.700	4.249

Source: Tax Duplicate, Borough of Sayreville

SAYREVILLE BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

	2010		2001	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hillside Estates, Inc.	$ 71,130,500	3.12%	$ 63,206,500	3.01%
E.I. DuPont DeNemours & Co.	39,218,200	1.72%	35,554,900	1.69%
Kaplan (Related Ownerships)	30,432,800	1.34%	13,723,600	0.65%
Skytop Gardens, Inc.	30,424,300	1.33%	30,424,300	1.45%
Hercules, Inc.	22,127,400	0.97%	34,877,900	1.66%
Gerdau USA Inc./NJ Steel & Structural Corp.	16,600,000	0.73%	19,600,000	0.93%
Lakeview Developers Limited	15,950,000	0.70%	15,950,000	0.76%
Prologis	15,814,100	0.69%		
Brooklawn Gardens, Inc.	14,384,100	0.63%	17,086,600	0.81%
GJM Bordentown LLC	12,000,000	0.53%		
Sayreville, LLC			12,000,000	0.57%
NL Industries			11,675,800	0.56%
	-			
	$ 268,081,400	11.76%	$ 254,099,600	12.09%

Source: Municipal Tax Assessor

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

SAYREVILLE BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	$ 33,372,040	$ 33,372,040	100.00%	
2002	35,110,346	35,110,346	100.00%	
2003	38,117,495	38,117,495	100.00%	
2004	41,626,400	41,626,400	100.00%	
2005	43,477,197	43,477,197	100.00%	
2006	46,494,994	46,494,994	100.00%	
2007	49,442,554	49,442,554	100.00%	
2008	51,637,718	51,637,718	100.00%	
2009	52,488,179	52,488,179	100.00%	
2010	54,483,946	54,483,946	100.00%	

Source: District Records

SAYREVILLE BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities						
	General Obligation Bonds	Capital Leases	Lease Purchase Agreements	Project Notes	Total District	Population	Per Capita
2005	$ 24,985,000	$ 2,494,356			$ 27,479,356	42,378	$ 648
2006	57,267,000	1,706,554			58,973,554	41,951	1,406
2007	57,222,000	860,941			58,082,941	41,873	1,387
2008	56,107,000	1,047,050			57,154,050	42,009	1,361
2009	54,847,000	826,212	$ 388,645	$ 2,200,000	58,261,857	42,236	1,379
2010	54,437,000	432,940	197,426		55,067,366	42,236 E	1,304

Source: District records

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

(E) Estimated

SAYREVILLE BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SIX FISCAL YEARS
(Unaudited)

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

Source: District records

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

EXHIBIT J-12

SAYREVILLE BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED DECEMBER 31, 2009
(Unaudited)

Municipal Debt: (1)	
Sayreville Board of Education (as of June 30, 2010)	$ 53,437,000
Borough of Sayreville	45,242,151
Total Direct Municipal Debt	98,679,151
Overlapping Debt Apportioned to the Municipality:	
County of Middlesex (A)	30,010,214
Total Overlapping Debt	30,010,214
Total Direct and Overlapping Debt	$ 128,689,365

(A) The debt for this entity was apportioned by dividing the Municipality's 2009 equalized value by the total 2009 equalized value for Middlesex County.

Sources:
Borough of Sayreville 2009 Annual Debt Statement
County of Middlesex 2009 Annual Debt Statement

EXHIBIT J-13

SAYREVILLE BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis		
2009	$	5,293,808,328
2008		5,465,945,952
2007		5,370,042,694
	$	16,129,796,974
Average equalized valuation of taxable Property	$	5,376,598,991
Debt Limit 4% of average equalization value	$	215,063,960 a
Total Net Debt Applicable to Limit		
Legal debt margin	$	215,063,960

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	$ 87,480,691	$ 93,406,430	$ 102,060,089	$ 114,631,693	$ 129,936,098	$ 149,137,756	$ 171,478,137	$ 193,794,195	$ 209,813,923	$ 215,063,960
Total Net Debt Applicable to Limit	5,175,000	26,740,000	26,370,000	25,690,000	24,985,000	57,267,000	57,222,000	56,107,000	57,047,000	53,437,000
Legal Debt Margin	$ 82,305,691	$ 66,666,430	$ 75,690,089	$ 88,941,693	$ 104,951,098	$ 91,870,756	$ 114,256,137	$ 137,687,195	$ 152,766,923	$ 161,626,960
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.92%	28.63%	25.84%	22.41%	19.23%	38.40%	33.37%	28.95%	27.19%	24.85%

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.

EXHIBIT J-14

SAYREVILLE BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)

Year	Population	County Per Capita Personal Income	Unemployment Rate
2001	40,919	$ 38,279	2.90
2002	41,242	38,572	4.40
2003	41,486	39,039	4.30
2004	42,063	40,048	3.60
2005	42,378	41,308	3.90
2006	41,951	44,823	4.10
2007	41,873	47,540	3.70
2008	42,009	48,454	4.9
2009	42,236	N/A	8.9
2010	42,236 (E)	N/A	N/A

Source: New Jersey State Department of Education

N/A - Not Available
(E) - Estimated

EXHIBIT J-15

SAYREVILLE BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

	2010		2001	
Employer	**Employees**	**Percentage of Total Municipal Employment**	**Employees**	**Percentage of Total Municipal Employment**
Information not available				
		-		-
	-	N/A	-	N/A

Source: Borough of Sayreville

N/A - Not Available

SAYREVILLE BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS
(Unaudited)

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

Source: District Personnel Records

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

SAYREVILLE BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2001	5,450.0	$ 48,532,647	$ 8,905	5.24%	416.0	1:17	1:15	1:14	5,450.0	5,205	2.42%	95.50%
2002	5,554.0	52,321,271	9,420	5.79%	443.0	1:16	1:15	1:15	5,554.0	5,258	1.91%	94.67%
2003	5,592.0	55,691,430	9,959	5.72%	447.0	1:16	1:15	1:15	5,592.0	5,288	0.68%	94.55%
2004	5,693.4	58,084,046	10,202	2.44%	463.0	1:16	1:15	1:15	5,693.4	5,384	1.81%	94.57%
2005	5,772.5	63,167,398	10,943	7.26%	463.0	1:16	1:15	1:15	5,772.5	5,427	1.39%	94.01%
2006	5,728.0	67,619,484	11,805	7.88%	455.0	1:13	1:12	1:15	5,764.1	5,453	-0.15%	94.60%
2007	5,681.0	72,560,249	12,772	8.19%	433.0	1:14	1:11	1:14	5,704.0	5,419	-1.04%	95.00%
2008	5,738.0	75,835,187	13,216	3.48%	454.0	1:13	1:13	1:14	5,768.0	5,485	1.12%	95.09%
2009	5,803.0	75,241,698	12,966	-1.89%	475.0	1:12	1:11	1:13	5,819.9	5,536	0.90%	95.13%
2010	6,014.0	76,123,191	12,658	-2.38%	475.0	1:13	1:11	1:13	5,916.3	5,623	1.66%	95.04%

Sources: District records

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

EXHIBIT J-18

SAYREVILLE BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST FIVE FISCAL YEARS
(Unaudited)

District Building	2006	2007	2008	2009	2010
Elementary					
Selover					
Square Feet	36,153	36,153	36,153	36,153	36,153
Capacity (students)	65	65	65	65	65
Enrollment	89	96	14	15	-
Arleth					
Square Feet	73,426	73,426	73,426	73,426	73,426
Capacity (students)	593	593	593	593	593
Enrollment	499	507	499	490	540
Eisenhower					
Square Feet	59,738	59,738	59,738	59,738	59,738
Capacity (students)	481	481	481	481	481
Enrollment	422	455	465	488	510
Truman					
Square Feet	53,275	53,275	53,275	53,275	53,275
Capacity (students)	474	474	474	474	474
Enrollment	454	458	456	490	529
Wilson					
Square Feet	54,150	54,150	54,150	54,150	54,150
Capacity (students)	373	373	373	373	373
Enrollment	325	350	353	357	404
Upper Elementary School					
Square Feet	174,800	174,800	174,800	174,800	174,800
Capacity (students)	1,095	1,095	1,095	1,095	1,095
Enrollment	891	864	951	950	968
Sayreville Middle School					
Square Feet	170,847	170,847	170,847	170,847	170,847
Capacity (students)	1,608	1,608	1,608	1,608	1,608
Enrollment	1,298	1,346	1,372	1,357	1,376
War Memorial High School					
Square Feet	184,531	184,531	184,531	184,531	292,289
Capacity (students)	1,859	1,859	1,859	1,859	2,200
Enrollment	1,656	1,605	1,628	1,656	1,687

Number of Schools at June 30, 2010
Elementary = 6
Middle School = 1
Senior High School = 1

Source: District Records

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

EXHIBIT J-19

SAYREVILLE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST NINE YEARS
(Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES

	2002	2003	2004	2005	2006	2007	2008	2009	2010
School Facilities									
Selover	$ 62,395	$ 84,501	$ 95,828	$ 84,572	$ 95,283	$ 96,711	$ 102,422	$ 94,333	$ 84,842
Arleth	118,898	171,661	191,656	236,802	190,567	193,422	204,843	188,665	169,685
Eisenhower	149,749	139,604	143,742	152,230	142,925	145,066	153,632	141,499	127,263
Truman	131,368	124,535	127,770	301,607	127,045	128,948	136,562	125,777	113,123
Wilson	74,873	126,603	143,742	135,315	142,925	145,066	153,632	141,499	127,263
Upper Elementary School				22,852	158,806	161,185	170,703	157,221	141,404
Middle School	311,981	399,311	431,225	345,202	349,373	354,606	375,546	345,886	311,088
High School	381,632	428,646	463,168	412,861	381,134	386,843	409,686	377,331	339,369
	1,230,896	1,474,861	1,597,131	1,691,441	1,588,058	1,611,847	1,707,025	1,572,211	1,414,038
Other Facilities									
Samsel	24,286	-	-	-	-	-	-	-	-
Grand Total	$ 1,255,182	$ 1,474,861	$ 1,597,131	$ 1,691,441	$ 1,588,058	$ 1,611,847	$ 1,707,025	$ 1,572,211	$ 1,414,038

Source: School District's Financial Statements

Note: Beginning in fiscal year 2001, the New Jersey State Department of Education required Districts to report maintenance expenditures by location, therefore ten years of data is not required.

EXHIBIT J-20

SAYREVILLE BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2010
(Unaudited)

	Coverage	Deductible
Property (Blanket Building and Contents)	$ 250,000,000	$ 1,000
Boiler and Machinery	100,000,000	1,000
Comprehensive General Liabilities and Automobile Liability Including Employees Benefit Liability	5,000,000	
Environmental Impairment Liability	1,000,000	10,000
Foreign Travel Liability Coverage	1,000,000	
Student Accident Insurance	1,000,000	
School Leaders Professional Liability	5,000,000	5,000
Security Guard Liability	1,000,000	5,000
Blanket Dishonesty Bond Including Faithful Performance of Elected Officials	$500,000 per loss	1,000
Workers Compensation		
Workers Compensation	Statutory	
Employers Liability	5,000,000	
Public Officials Bond		
Treasurer	375,000	
Business Administrator	375,000	

Source: School District's records

SINGLE AUDIT

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

EXHIBIT K-1

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

Honorable President and Members
of the Board of Trustees
Sayreville Board of Education
Sayreville, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sayreville Board of Education as of and for the fiscal year ended June 30, 2010, which collectively comprise the Sayreville Board of Education's basic financial statements and have issued our report thereon dated December 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Sayreville Board of Education'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. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2010-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sayreville Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by Division of Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2010-1.

We also noted certain matters that we reported to management of the Sayreville Board of Education in a separate report entitled, Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 6, 2010.

Sayreville Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Sayreville Board of Education's response and, accordingly, we express no opinion on the response.

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

Lerch, Vinci & Higgins, CCP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 6, 2010

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

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 Board of Trustees
Sayreville Board of Education
Sayreville, New Jersey

Compliance

We have audited the Sayreville Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Sayreville Board of Education's major federal and state programs for the fiscal year ended June 30, 2010. Sayreville Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Sayreville Board of Education's management. Our responsibility is to express an opinion on Sayreville Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars 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 Sayreville Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sayreville Board of Education's compliance with those requirements.

In our opinion, Sayreville Board of Education 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 fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which is described in the accompanying schedule of findings and questioned costs as item 2010-2.

Internal Control Over Compliance

Management of Sayreville Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Sayreville Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program 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 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 Board'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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-2. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's response and, accordingly, we express no opinion on the response.

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

Lerch, Vinci & Higgins, LLP
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 6, 2010

EXHIBIT K-3
Schedule A

SAYREVILLE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustments	June 30, 2010 Accounts Receivable	June 30, 2010 Deferred Revenue	June 30, 2010 Due to Grantor	MEMO GAAP Receivable
U.S. Department of Agriculture														
Enterprise Fund														
National School Lunch Program	10.555	N/A												
Cash Assistance			7/1/09-6/30/10	$ 659,257			$ 596,597	$ 659,257			$ (62,660)			$ (62,660)
Cash Assistance			7/1/08-6/30/09	520,003	$ (41,638)		41,638							
Non-Cash Assistance (Food Distribution)			7/1/09-6/30/10	112,285			112,285	111,321				$ 964		
Non-Cash Assistance (Food Distribution)			7/1/08-6/30/09	40,125	968			968						
School Breakfast Program	10.553	N/A	7/1/09-6/30/10	92,447			81,251	92,447			(11,196)			(11,196)
School Breakfast Program	10.553	N/A	7/1/08-6/30/09	37,905	(3,785)	-	3,785	-	-	-	-	-	-	-
Total U.S. Department of Agriculture					(44,455)	-	835,556	863,993	-	-	(73,856)	964	-	(73,856)
U.S. Department of Education														
Special Revenue Fund														
Carl D. Perkins Grant	84.243A	PERK-4660-10	9/01/09-8/31/10	30,544				24,958			(30,544)	5,586		(24,958)
Carl D. Perkins Grant C/O	84.243A	PERK-4660-09	9/01/08-8/31/09	28,135	(28,135)		28,135							-
Title I	84.010A	NCLB-4660-10	9/01/09-8/31/10	289,616			202,545	274,725			(87,071)	14,891		(72,180)
Title I	84.010A	NCLB-4660-09	9/01/08-8/31/09	519,593	(473,185)			46,610		$ 143	(519,652)			(519,652)
Title II A	84.367A	NCLB-4660-10	9/01/09-8/31/10	150,113			81,732	129,101			(68,381)	21,012		(47,369)
Title II A	84.367A	NCLB-4660-09	9/01/08-8/31/09	154,963	(142,733)			12,230		(496)	(155,459)			(155,459)
Title II D	84.318X	NCLB-4660-10	9/01/09-8/31/10	2,923				926			(2,923)	1,997		(926)
Title II D	84.318X	NCLB-4660-09	9/01/08-8/31/09	4,315	(311)		4,288	4,004			(27)			(27)
Title III	84.365A	NCLB-4660-10	9/01/09-8/31/10	18,816			14,795	17,866			(4,021)	950		(3,071)
Title III	84.365A	NCLB-4660-09	9/01/08-8/31/09	17,843	(14,279)		17,444	3,582		18	(399)			(399)
Title IV	84.186A	NCLB-4660-10	9/01/09-8/31/10	12,017			5,522	12,017			(6,495)	-		(6,495)
Title IV	84.186A	NCLB-4660-10	9/01/09-8/31/10	15,366	(15,366)		15,366							-
IDEA Basic	84.027	IDEA-4660-10	9/01/09-8/31/10	1,343,419		$ 13,566	1,151,826	1,329,447			(191,593)	27,538		(164,055)
IDEA Basic	84.027	IDEA-4660-09	9/01/08-8/31/09	1,405,626	(1,324,245)	(13,566)	1,337,811				-			-
IDEA Part B - Preschool	84.173	IDEA-4660-10	9/01/09-8/31/10	57,887		2,046	54,632	54,632			(3,255)	5,301		
IDEA Part B - Preschool	84.173	IDEA-4660-09	9/01/08-8/31/09	60,312	(55,753)	(2,046)	57,799				-			-
ARRA - Basic	84.391	ARRA-4660-10	9/01/09-8/31/10	1,432,782			140,745	546,632			(1,292,037)	886,150		(405,887)
ARRA - Preschool	84.392	ARRA-4660-10	9/01/09-8/31/10	51,708	-	-	-	-	-	-	(51,708)	51,708	-	-
Total Special Revenue Fund					(2,054,007)	-	3,112,640	2,456,730	-	(335)	(2,413,565)	1,015,133	-	(1,400,478)
U.S. Department of Health and Human Services														
General Fund														
Medical Assistance Program	93.778	N/A	7/1/09-6/30/10	119,240			119,240	119,240			-	-		
U.S. Department of Education Passed-through State Department of Education														
General Fund														
ARRA - SFSF-ESF (Ed. State Grants)	84.394	N/A	7/1/09-6/30/10	2,642,840			2,642,840	2,642,840			-	-		
ARRA - SFSF-GSF (Govern. Services)	84.397	N/A	7/1/09-6/30/10	102,308	-	-	102,308	102,308	-	-	-	-	-	-
Total General Fund					-	-	2,864,388	2,864,388	-	-	-	-	-	-
Total					$ (2,098,462)	$ -	$ 6,812,584	$ 6,185,111	$ -	$ (335)	$ (2,487,421)	$ 1,016,097	$ -	$ (1,474,334)

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

SAYREVILLE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2009	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	June 30, 2010 Accounts Receivable	Deferred Revenue	Due to Grantor		MEMO GAAP Receivable	MEMO Cumulative Total Expenditures
State Department of Education															
General Fund															
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	$ 12,384,129			$ 10,984,431	$ 12,384,129			$ (1,399,698)			*		$ 12,384,129
Equalization Aid	09-495-034-5120-078	7/1/08-6/30/09	14,681,562	$ (1,407,764)		1,407,764							*		-
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	1,607,512			1,358,363	1,607,512			(249,149)			*		1,607,512
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	1,850,642	(177,384)		177,384							*		-
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	3,332,411			2,955,770	3,332,411			(376,641)			*		3,332,411
Special Education Aid	09-495-034-5120-089	7/1/08-6/30/09	2,931,538	(305,851)		305,851							*		-
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	755,836			670,409	755,836			(85,427)			*		755,836
Security Aid	09-495-034-5120-084	7/1/08-6/30/09	678,685	(65,052)		65,052							*		-
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	670,726				670,726			(670,726)			*		670,726
Extraordinary Aid	09-100-034-5120-473	7/1/08-6/30/09	961,257	(961,257)		961,257							*		-
Non-Public Transportation	N/A	7/1/09-6/30/10	25,903				25,903			(25,903)			*	$ (25,903)	25,903
Non-Public Transportation	N/A	7/1/08-6/30/09	43,289	(43,289)		43,289							*		-
TPAF Pension Contribution													*		-
Normal Pension Cost Contribution-NCGI	10-495-034-5095-007	7/1/09-6/30/10	111,013			111,013	111,013						*		111,013
Post Retirement Medical Pension Contribution	10-495-034-5095-001	7/1/09-6/30/10	2,084,988			2,084,988	2,084,988						*		2,084,988
Reimbursed TPAF Social Security Contr.	10-495-034-5095-002	7/1/09-6/30/10	2,539,477			2,415,011	2,539,477			(124,466)			*	(124,466)	2,539,477
Reimbursed TPAF Social Security Contr.	09-495-034-5095-002	7/1/08-6/30/09	2,470,585	(121,697)	-	121,697	-	-	-	-	-	-	*	-	-
Total General Fund				(3,082,294)	-	23,662,279	23,511,995	-	-	(2,932,010)	-	-	*	(150,369)	23,511,995
Special Revenue Fund													*		
N.J. Nonpublic Aid:													*		
Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	24,217			24,217	23,876					$ 341	*		23,876
Textbook Aid	09-100-034-5120-064	7/1/08-6/30/09	22,762	125				$ 125					*		
Nursing	10-100-034-5120-070	7/1/09-6/30/10	28,718			28,718	28,718						*		28,718
Auxiliary Services:													*		
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	89,252			89,252	70,058					19,194	*		70,058
Compensatory Education	09-100-034-5120-067	7/1/08-6/30/09	83,608	20,902				20,902					*		
English as a Second Language	10-100-034-5120-067	7/1/09-6/30/10	979			979	979					-	*		979
English as a Second Language	09-100-034-5120-067	7/1/08-6/30/09	2,030	2,030				2,030					*		
Transportation	10-100-034-5120-068	7/1/09-6/30/10	15,114			15,114	15,114						*		15,114
Home Instruction	109-100-034-5120-067	7/1/09-6/30/10	4,130			73	4,130			(4,057)				(4,057)	4,130
Home Instruction	09-100-034-5120-067	7/1/08-6/30/09	1,446	(1,446)		1,446							*		-
Handicapped Services													*		
Supplementary Instruction	10-100-034-5120-066	7/1/09-6/30/10	15,292			15,292	15,292					-	*		15,292
Supplementary Instruction	09-100-034-5120-066	7/1/08-6/30/09	18,998	6,608				6,608					*		
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	27,967			27,967	26,135					1,832	*		26,135
Examination and Classification	09-100-034-5120-066	7/1/08-6/30/09	36,582	9,478				9,478					*		
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	29,591			29,591	24,661					4,930	*		24,661
				-	-	-	-	-	-	-	-	-	*	-	-
Total Special Revenue Fund				37,697	-	232,649	208,963	39,143	-	(4,057)	-	26,297	*	(4,057)	208,963

Continued

SAYREVILLE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2009	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	June 30, 2010 Accounts Receivable	June 30, 2010 Deferred Revenue	June 30, 2010 Due to Grantor	MEMO GAAP Receivable	MEMO Cumulative Total Expenditures
State Department of Education (Continued)														
Debt Service Fund														
Debt Service Aid - State Support	10-495-034-5120-017	7/1/09-6/30/10	$ 150,937	-	-	$ 150,937	$ 150,937	-	-	-	-	-	-	$ 150,937
State Department of Agriculture														
Enterprise Fund														
National School Lunch Prog (State Share)	10-100-010-3350-023	7/1/09-6/30/10	33,355			30,213	33,355			$ (3,142)			$ (3,142)	33,355
National School Lunch Prog (State Share)	09-100-010-3350-023	7/1/08-6/30/09	27,615	$ (2,212)		2,212								
State School Breakfast Program	10-100-010-3350-021	7/1/09-6/30/10	6,753			5,941	6,753			(812)			(812)	6,753
State School Breakfast Program	09-100-010-3350-021	7/1/08-6/30/09	3,036	(302)	-	302	-	-	-	-	-	-	-	-
Total Enterprise Fund				(2,514)	-	38,668	40,108	-	-	(3,954)	-	-	(3,954)	40,108
Schools Development Authority														
Capital Projects Fund														
SDA Grant - War Memorial High School	4660-050-05-1000	2006	13,910,264	(6,833,700)	-	5,564,106	1,442,917	-	-	(2,712,511)	-	-	(2,712,511)	13,910,264
SDA Grant - War Memorial High School - Roof Repair	4660-050-09-1001	2010	68,017				31,500		$ (36,517)	(68,017)	-		(68,017)	31,500
SDA Grant - Middle School - Roof Repair	4660-050-09-1002	2010	3,382				3,019		(363)	(3,382)	-		(3,382)	3,019
SDA Grant - Arleth Elementary - Roof Project	4660-050-09-1006	2010	105,544				90,163		(11,321)	(105,544)	$ 4,060		(105,544)	90,163
SDA Grant - Middle School Door Replacement	4660-050-09-1005	2010	36,492				33,204		(3,288)	(36,492)	-		(36,492)	33,204
SDA Grant - Arleth Elementary - Door Replacement	4660-050-09-1003	2010	10,416				9,500		(916)	(10,416)	-		(10,416)	9,500
SDA Grant - Eisenhower Elementary - Door Project	4660-050-09-1004	2010	14,820				13,518		(1,302)	(14,820)	-		(14,820)	13,518
SDA Grant - Wilson Elementary - Floor Project	4660-120-09-2007	2010	24,540				19,097		(2,440)	(24,540)	3,003		(24,540)	19,097
SDA Grant - Wilson Elementary - Heating Project	4660-120-09-2008	2010	642,382				23,306			(642,382)	619,076		(642,382)	23,306
SDA Grant - Arleth Elementary - Roof Project Phase II	4660-060-10-1001	2010	277,320	-	-	-	17,760	-	-	(277,320)	259,560	-	(277,320)	17,760
Total Capital Projects Fund				(6,833,700)	-	5,564,106	1,683,984	-	(56,147)	(3,895,424)	885,699	-	(3,895,424)	14,151,331
Total State Financial Assistance				(9,880,811)	-	29,648,639	25,595,987	$ 39,143	(56,147)	(6,835,445)	885,699	$ 26,297	(4,053,804)	38,063,334
State Financial Assistance														
Not Subject to Single Audit Determination														
General Fund														
On-Behalf TPAF Pension System Contributions-NCGI	10-495-034-5095-007	7/1/09-6/30/10	111,013			(111,013)	(111,013)							(111,013)
On-Behalf TPAF Post-Retirement Medical Contribution	10-495-034-5095-001	7/1/09-6/30/10	2,084,988	-	-	(2,084,988)	(2,084,988)	-	-	-	-	-	-	(2,084,988)
Total State Financial Assistance Subject to Single Audit				$ (9,880,811)	$ -	$ 27,452,638	$ 23,399,986	$ 39,143	$ (56,147)	$ (6,835,445)	$ 885,699	$ 26,297	$ (4,053,804)	$ 35,867,333

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

SAYREVILLE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Sayreville Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal 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 are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of $135,127 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	Federal	State	Total
General Fund	$ 2,864,388	$ 23,647,122	$ 26,511,510
Special Revenue Fund	2,456,730	208,963	2,665,693
Capital Projects Fund		1,683,984	1,683,984
Debt Service Fund		150,937	150,937
Food Service Fund	863,993	40,108	904,101
Total Financial Assistance	$ 6,185,111	$ 25,731,114	$ 31,916,225

SAYREVILLE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of $2,539,477 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010. The amount reported as TPAF Pension System Contributions-NCGI in the amount of $111,013 and TPAF Post-Retirement Medical Benefits Contributions in the amount of $2,084,988 represents the amount paid by the State on behalf of the District for the year ended June 30, 2010.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contribution payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

SAYREVILLE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued on financial statements	Unqualified
Internal control over financial reporting:	
1) Material weakness(es) identified?	____ yes X no
2) Significant deficiency(ies) identified that are not considered to be material weaknesses?	X yes ____ none reported
Noncompliance material to basic financial statements noted?	X yes ____ no

Federal Awards Section

Internal Control over major programs:	
(1) Material weakness(es) identified?	____ yes X no
2) Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ yes X none reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	____ yes X no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	IDEA Part B Basic
84.173	IDEA Part B Preschool
84.010A	Title I
10.555	National School Lunch Program
10.553	School Breakfast Program
84.391	ARRA-IDEA Part B Basic
84.394	ARRA-SFSF-ESF (Ed. Serv. Funds)
84.397	ARRA-SFSF-GSF (Govern. Serv. Funds)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	____ yes X no

SAYREVILLE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

(1) Material weakness(es) identified?

____ yes X no

2) Significant deficiency(ies) identified that are not considered to be material weakness(es)?

X yes ____ none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 04-04? X yes ____ no

Identification of major state programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-078	Equalization Aid
10-495-034-5120-089	Special Education Aid
10-495-034-5120-084	Security Aid
10-495-034-5120-014	Transportation Aid
10-100-034-5120-473	Extraordinary Aid
SP-0300	SDA - Educational Facilities Contributions Financing Act of 2000

Dollar threshold used to distinguish between Type A and Type B programs: $ 702,000

Auditee qualified as low-risk auditee? ____ yes X no

SAYREVILLE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards.*

Finding 2010-1

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

Criteria or specific requirement:

Financial Accounting for New Jersey School Districts – The Audit Program.

Condition:

Financial transactions related to new SDA grant agreements and the corresponding local share of eligible project costs were recorded and accounted for in the General Fund rather than the Capital Projects Fund.

Questioned Costs:

None.

Context:

SDA school facility projects in the amount of $3.0 million in total eligible project costs were not recorded in the Capital Projects Fund. The total state share was $1.2 million and the local share was $1.8 million of the total eligible project costs.

Effect:

Project revenues and expenditures were not accounted for in the proper fund.

Cause:

Total eligible project costs were budgeted and accounted for in the General Fund.

Recommendation:

Financial transactions of SDA school facility grant programs along with the corresponding local share of eligible project costs be recorded and accounted for by individual project in the Capital Projects Fund.

Management's Response

Management has reviewed this finding and has indicated that corrective action will be implemented.

EXHIBIT K-6

SAYREVILLE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

THERE ARE NONE.

SAYREVILLE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2010-2

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

Information on the State program

SP-0300 SDA-Educational Facilities Contributions Financing Act of 2000

Criteria or specific requirement

See Finding 2010-1.

Condition

See Finding 2010-1.

Questioned Costs

See Finding 2010-1.

Context

See Finding 2010-1.

Effect

See Finding 2010-1.

Cause

See Finding 2010-1.

Recommendation

Financial transactions of SDA school facility grant programs along with the corresponding local share of eligible project costs be recorded and accounted for by individual project in the Capital Projects Fund.

Management's Response

Management has reviewed this finding and has indicated appropriate corrective action will be implemented.

SAYREVILLE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2009-1

The audit indicated the Debt Service Fund unreserved, undesignated fund balance at June 30, 2009 was in a deficit position of $200,542.

Current Status

Corrective action has been taken. See auditor's management report dated December 6, 2010.