SCHOOL DISTRICT

OF

SHREWSBURY

SHREWSBURY BOARD OF EDUCATION
SHREWSBURY, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SHREWSBURY BOARD OF EDUCATION

SHREWSBURY, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

PREPARED BY

SHREWSBURY BOARD OF EDUCATION
BUSINESS ADMINISTRATOR/BOARD SECRETARY

SHREWSBURY SCHOOL DISTRICT

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INTRODUCTORY SECTION

Shrewsbury Borough Board of Education

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

Telephone (732) 747-0887
Fax (732) 747-0889

November 19, 2010

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Shrewsbury School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Board and its school constitute the District's reporting entity.

The District provides a full range of educational services (regular and special) appropriate to grade levels K through 8. The District also has an in-house Pre-School Tuition Program. The District completed the 2009-10 fiscal year with an enrollment of 508 students.

1. REPORTING ENTITY AND ITS SERVICES (Continued:)

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

Average Daily Enrollment

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

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

The school system is a PreK-8 District with one school. The current student population as of June 30, 2010 including the three (3) full day kindergarten classes and a Pre-School Tuition Program class is 508.

3. MAJOR INITIATIVES:

In the 2009-10 school year, the Board and Administration were reviewing the remaining projects in the district's Long Range Facility Plan to appropriately plan for their completion. The Facilities Committee addressed many of the district's concerns with an aging facility. Projects included new roofing, emergency generator and new handicap chairlifts and submitted ROD Grants for each of the remaining projects.

Due to budget constraints and state directives, upon the recommendation of the Finance and Facilities Committees, the district decided to only move ahead with the emergency generator project as the school is a Red Cross Emergency Evacuation Center. The district affected repairs instead of replacing the roof and the aging chairlifts.

3. MAJOR INITIATIVES: (Continued)

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

As the school moves forward in technology, it continues to be an institution that offers students the optimum leaning experience in an environment that invigorates them mentally and physically. As the administration and staff continually strive to improve the delivery of instruction to every child, the quality of the education the students receive continues to improve.

The district also embarked on a successful major initiative to revise all of the outdated curriculums and significantly increase staff development in the district to support new learning and technology initiatives.

As such, the Shrewsbury Borough School District underwent an extremely successful QSAC (Quality Single Accountability Continuum) state monitoring process scoring 98% out of 100%.

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

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

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

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

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

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

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

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

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully Submitted,

Brent MacConnell
Superintendent

Debora Avento
Business Administrator

SHREWSBURY BOROUGH BOARD OF EDUCATION
SHREWSBURY, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2010

Members of the Board of Education	Term Expires
Lisa Barnes	2013
Vincent Costa	2011
Kelly Kachinski	2010
Jenna Keale	2012
Thomas Nelson	2012
Peter Meyer, President	2013
Susan Patterson	2011
Christine Rieger	2012
John Smallwood	2011

Other District Officials:

Brent MacConnell, Superintendent
Debora Avento, Business Administrator
Loretta Hill, Treasurer
Paul Kalac, Board Attorney
Paul Barger, Board Attorney

SHREWSBURY BOROUGH BOARD OF EDUCATION
SHREWSBURY, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2010

Auditor/Audit Firm:

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

Attorney:

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

Official Depositories:

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

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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INDEPENDENT AUDITOR'S REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Shrewsbury Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2010, on our consideration of the Shrewsbury Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 9 through 17 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

November 19, 2010

REQUIRED SUPPLEMENTARY INFORMATION
PART I

SHREWSBURY BOROUGH PUBLIC SCHOOL DISTRICT

BOROUGH OF SHREWSBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The Management's Discussion and Analysis (MD&A) of Shrewsbury Board of Education provide an overview of the School District financial activities for the fiscal year ended June 30, 2010. The intent of the this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal, which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

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

Financial Highlights

Key financial highlights for the 2009-2010 fiscal year are as follows:

- The School District had $7,927,148 in expenses; only $188,492 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) were adequate to provide for these programs.

- The local tax levy increased from 2008-2009 by $216,315 to $6,992,795 (including debt service) primarily due to the district minimizing the contribution to tax relief in anticipation of future capital outlay projects.

- On a budgetary basis, the unreserved, undesignated general fund balance is at 2% in the amount of $278,315 per the imposed restriction of S1701, excess fund balance of $12,052 will be allocated towards tax relief in the 2011-2012 budget process.

Financial Highlights (Continued)

- As in the prior year, per the state, the District was not permitted to record the 2009-2010 final state aid payments as a receivable or revenue in this fiscal year. The final state aid payments were received in July 2010.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2009-2010 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

- Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets as of June 30, 2010 and 2009.

Table 1
Net Assets

	2010	2009
Assets		
Current and Other Assets	$ 324,173	433,910
Capital Assets, Net	6,292,584	6,532,460
Total Assets	$ 6,616,757	6,966,370
Liabilities		
Long-Term Liabilities	$ 3,993,150	4,394,238
Other Liabilities	400,458	361,010
Total Liabilities	$ 4,393,608	4,755,248
Net Assets		
Invested in Capital Assets, Net of Debt	$ 1,919,434	1,943,460
Restricted	42,552	161,403
Unrestricted	269,640	106,259
Total Net Assets	$ 2,231,626	2,211,122

Table 2 shows the changes in net assets for fiscal year 2010. Revenue and expense comparisons to fiscal year 2009.

Table 2
Changes in Net Assets

	2010	2009
Revenues		
General Revenues		
Property Taxes	$ 6,415,916	6,198,193
Taxes Levied for Debt Service	576,879	578,287
Grants and Entitlements	1,046,761	959,405
Other	212,996	65,436
Total Revenues	8,252,552	7,801,321
Program Expenses		
Instruction:		
Regular	2,582,168	2,591,415
Special Education	839,289	715,463
Other Instruction	107,792	98,043
Support Services:		
Tuition	1,500	16,705
Student and Instructional Related Services	725,270	746,366
School Administration	437,276	367,820
General Administration	391,725	302,811
Operations and Maintenance of Facilities	613,167	681,709
Pupil Transportation	70,005	85,514
Unallocated Benefits/Business Support Services	1,712,377	1,579,596
Interest on Debt	207,750	226,430
Food Service	118,772	59,083
Unallocated Depreciation	238,829	245,418
Total Expenses	8,045,920	7,716,373
Increase (decrease) in Net Assets	$ 206,632	84,948

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 85% percent of revenues for governmental activities including debt service for the Shrewsbury Borough Public School District for fiscal year 2010. The District's total revenues were $8,252,552 for the fiscal year ended June 30, 2010. Federal, state and local grants accounted for another 13%.

Business-Type Activities

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

- Food service expenses were over revenues by $8,158.

- Charges for services represent $95,257 of revenue. This represents amount paid by patrons for daily food services and tuitions.

Governmental Activities

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

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

The School Board' Funds

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

As the School Board completed the fiscal year ended June 30, 2010, it reported a combined net asset balance of $2,231,626.

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

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

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

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

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

Capital Assets

At June 30, 2010, the School Board had approximately $6,291,978 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2010 fiscal year.

Table II
Capital Assets at June 30, 2010

	Governmental Activities	Business Type Activities
Land	$ 69,345	
Buildings & Sites	6,002,878	
Machinery and Equipment	184,431	606
Total	$ 6,256,654	606

Debt Administration

At June 30, 2010, the School District had $4,229,000 of outstanding debt.

Economic Factors and Next Year's Budget

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

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

For the 2009-2010 school year, the Shrewsbury School District was able to sustain its general fund budget through the local tax levy, state education aid, federal aid and local revenue sources. Approximately 85% of the district's total revenue is from local tax levy, 13% is from State Aid and Federal Aid, and 2% is from miscellaneous revenue, which among other things includes interest on deposits.

Economic Factors and Next Year's Budget (Continued)

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

Although the district anticipates a slight increase in enrollment for the 2010-2011 fiscal year, the District will be conducting a new demographic study to assist with the forecasting of future enrollment.

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

SHREWSBURY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	$ (265,321)	50,379	(214,942)
Receivables, Net	539,115		539,115
Capital Assets, Net	6,291,978	606	6,292,584
Total Assets	$ 6,565,772	50,985	6,616,757
Liabilities			
Accounts Payable	$ -	20,458	20,458
Noncurrent Liabilities:			
Due Within One Year	380,000		380,000
Due Beyond One Year	3,993,150		3,993,150
Total Liabilities	$ 4,373,150	20,458	4,393,608
Net Assets			
Invested in Capital Assets, Net of Related Debt	$ 1,918,828	606	1,919,434
Restricted For:			
Capital Projetcs	10,174		10,174
Other Purposes	32,378		32,378
Unrestricted	239,719	29,921	269,640
Total Net Assets	$ 2,201,099	30,527	2,231,626

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

SHREWSBURY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	$ 2,582,168			(2,582,168)		(2,582,168)
Special Education	839,289		187,359	(651,930)		(651,930)
Other Special Instruction	64,978			(64,978)		(64,978)
Other Instruction	42,814			(42,814)		(42,814)
Support Services:						
Tuition	1,500			(1,500)		(1,500)
Student & Instruction Related Services	725,270		1,133	(724,137)		(724,137)
School Administrative Services	437,276			(437,276)		(437,276)
General and Business Administrative Services	391,725			(391,725)		(391,725)
Plant Operations and Maintenance	613,167			(613,167)		(613,167)
Pupil Transportation	70,005			(70,005)		(70,005)
Business and Other Support Services	1,712,377			(1,712,377)		(1,712,377)
Interest on Long-Term Debt	207,750			(207,750)		(207,750)
Unallocated Depreciation	238,829			(238,829)		(238,829)
Total Government Activities	7,927,148	-	188,492	(7,738,656)	-	(7,738,656)
Business-Type Activities:						
Food Service	118,772	95,257			(23,515)	(23,515)
Total Business-Type Activities	118,772	95,257	-	-	(23,515)	(23,515)
Total Primary Government	8,045,920	95,257	188,492	(7,738,656)	(23,515)	(7,762,171)

SHREWSBURY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				6,415,916		6,415,916
Taxes Levied for Debt Service				576,879		576,879
Federal and State Aid Not Restricted				858,269		858,269
Miscellaneous Income				50,392		50,392
State Grant - Capital Projects				67,360		67,360
Transfers				(15,252)	15,239	(13)
Total General Revenues, Special Items, Extraordinary Items and Transfers				7,953,564	15,239	7,968,803
Change in Net Assets				214,908	(8,276)	206,632
Adjustment to Fixed assets				(186,128)		(186,128)
Net Assets - Beginning				2,172,319	38,803	2,211,122
Net Assets - Ending	$ -			2,201,099	30,527	2,231,626

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

FUND FINANCIAL STATEMENTS – B

SHREWSBURY SCHOOL DISTRICT **Exhibit B-1**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ (265,321)			(265,321)
Receivables from Other Governments	30,669	80,176	438,444	549,289
Interfund Receivable	506,749			506,749
Total Assets	$ 272,097	80,176	438,444	790,717
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	$ -	1,697		1,697
Interfunds Payable	-	78,479	428,270	506,749
Total Liabilities	-	80,176	428,270	508,446
Fund Balance:				
Reserved for:				
Designated for Subsequent Years Expenditures	5,000		10,174	15,174
Excess Surplus	12,052			12,052
Excess Surplus - Designated for Subsequent Years Expenditures	15,326			15,326
Unreserved, Reported In:				
General Fund	239,719			239,719
Total Fund Balances	272,097	-	10,174	282,271
Total Liabilities and Fund Balance	$ 272,097	80,176	438,444	
Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $10,371,786 and the accumulated depreciation is $4,079,808.				6,291,978
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)				(4,373,150)
Net assets of governmental activities				$ 2,201,099

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

SHREWSBURY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects	Debt Service Fund	Total Governmental Funds
Revenues					
Local Sources:					
Local Tax Levy	$ 6,415,916			576,879	6,992,795
Tuition	44,171				44,171
Interest on Capital Reserve	1,725				1,725
Miscellaneous	4,496				4,496
Total Local Sources	6,466,308	-	-	576,879	7,043,187
State Sources	858,269	6,280	67,360		931,909
Federal Sources		182,212			182,212
Total Revenues	7,324,577	188,492	67,360	576,879	8,157,308
Expenditures					
Current:					
Regular Instruction	2,603,256				2,603,256
Special Education Instruction	651,930	187,359			839,289
Other Special Instruction	64,978				64,978
Other Instruction	42,814				42,814
Support Services and Undistributed Costs:					
Tuition	1,500				1,500
Student and Instruction Related Services	724,137	1,133			725,270
School Administrative Services	437,276				437,276
Other Administrative Services	391,725				391,725
Plant Operations and Maintenance	613,167				613,167
Pupil Transportation	70,005				70,005
Unallocated Benefits	1,712,377				1,712,377
Capital Outlay	18,768		158,226		176,994
Debt Service Principal				360,000	360,000
Interest on Debt Service				216,884	216,884
Total Expenditures	7,331,933	188,492	158,226	576,884	8,255,535

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

SHREWSBURY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	(7,356)	-	(90,866)	(5)	(98,227)
Other Financing Sources (Uses):					
Transfers In			101,040		101,040
Transfers Out	(116,292)				(116,292)
Total Other Financing Sources (Uses)	(116,292)	-	101,040	-	(15,252)
Net Change in Fund Balances	(123,648)	-	10,174	(5)	(113,479)
Fund Balance - July 1	395,745			5	395,750
Fund Balance - June 30	$ 272,097	-	10,174	-	282,271

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

SHREWSBURY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Exhibit B-3

FOR THE YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (From B-2)		$ (113,479)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital Outlay	176,994	
Depreciation Expense	(238,829)	
		(61,835)
Repayment of bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities		360,000
Compensated Absences		21,088
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		9,134
Change in Net Assets of Governmental Activities		$ 214,908

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

SHREWSBURY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDS

JUNE 30, 2010

	Enterprise Funds		
	Food Service Fund	Tuition Fund	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 29,927	20,452	50,379
Total Current Assets	29,927	20,452	50,379
Noncurrent Assets:			
Equipment	33,058		33,058
Less: Accumulated Depreciation	(32,452)		(32,452)
Total Noncurrent Assets	606	-	606
Total Assets	$ 30,533	20,452	50,985
Liabilities			
Accounts Payable	$ 6	20,452	20,458
Net Assets			
Investment in Capital Assets	$ 606		606
Unrestricted	29,921		29,921
Total Net Assets	$ 30,527	-	30,527

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

SHREWSBURY SCHOOL DISTRICT **Exhibit B-5**

STATEMENT OF REVENUES, EXPENSES AND CHANGES

IN FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2010

	Enterprise Funds		
	Food Service Fund	Tuition Fund	Totals
Operating Revenues:			
Local Sources:			
Daily Sales Reimbursable Programs:			
School Lunch Program	$ 25,331		25,331
Miscellaneous	5,303		5,303
Tuition	-	64,623	64,623
Total Operating Revenue	30,634	64,623	95,257
Operating Expenses:			
Cost of Sales	25,750		25,750
Depreciation	1,047		1,047
Miscellaneous	12,113		12,113
Tuition Reimbursements		64,623	64,623
Salaries	15,239		15,239
Total Operating Expenses	54,149	64,623	118,772
Operating Income (Loss)	(23,515)	-	(23,515)
Non-Operating Revenues:			
Board Contribution	15,252		15,252
Interest	105		105
Total Non-Operating Revenues	15,357	-	15,357
Change in Net Assets	(8,158)	-	(8,158)
Adjustments:			
Transfer out Interest	(118)		(118)
Change in Net Assets after Adjustments	(8,276)		(8,276)
Net Assets, July 1	38,803		38,803
Net Assets, June 30	$ 30,527	-	30,527

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

SHREWSBURY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDS

JUNE 30, 2010

	Enterprise Funds		
	Food Service Fund	Tuition Fund	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	$ 30,634	64,623	95,257
Payments to Employees	(15,235)		(15,235)
Payments to Suppliers & Miscellaneous	(37,867)	(44,171)	(82,038)
Net Cash Used by Operating Activities	(22,468)	20,452	(2,016)
Cash Flows from Noncapital Financing Activities:			
Board Contribution	15,239	-	15,239
Net Cash Provided by Noncapital Financing Activities	15,239	-	15,239
Net Increase/(Decrease) in Cash and Cash Equivalents	(7,229)	20,452	13,223
Cash and Cash Equivalents July 1	37,160	-	37,160
Cash and Cash Equivalents June 30	$ 29,931	20,452	50,383
Cash Flows from Operating Activities:			
Operating Income (Loss)	$ (23,515)	-	(23,515)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:			
Depreciation	1,047		1,047
(Increase)/Decrease in Accounts Payable		20,452	20,452
Net Cash Used by Operating Activities	$ (22,468)	20,452	(2,016)

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

SHREWSBURY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

Exhibit B-7

FIDUCIARY FUNDS

JUNE 30, 2010

	Unemployment Compensation Trust	Agency Fund
Assets:		
Cash and Cash Equivalents	$ 60	136,893
Total Assets	$ 60	136,893
Liabilities:		
Payroll Deductions and Witholdings		136,893
Total Liabilities		136,893
Net Assets:		
Held in Trust for Unemployment Claims and Other Purposes	$ 60	
Total Net Assets	$ 60	

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

SHREWSBURY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Exhibit B-8

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust
Additions	
Contributions:	
Other	$ 41,664
Total Contributions	41,664
Investment Earnings:	
Interest	8
Net Investment Earnings	8
Total Additions	41,672
Deductions	
Unemployment Claims	47,129
Total Deductions	47,129
Change in Net Assets	(5,457)
Net Assets - Beginning of Year	5,517
Net Assets - End of the Year	$ 60

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION

SHREWSBURY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

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

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

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

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

B. Government-Wide Financial Statements

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

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

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

Proprietary Fund Type

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

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

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

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

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2010 were insignificant except for the reduction of state aid.

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

The following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types. Note that the District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

Notes to Required Supplementary Information
Budgetary Comparison Schedule

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	$ 7,330,194	188,492
Difference – budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenues is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	32,979	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(38,596)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds.	$ 7,324,577	188,492

NOTE 1: **Summary of Significant Accounting Policies (Continued)**

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	$ 7,331,933	188,492
Differences – Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	_____	_____
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	$ 7,331,933	188,492

F. **Encumbrances**:

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

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

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

G. **Short-Term Interfund Receivables/Payables**:

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

H. **Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation

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

The District utilized a program developed by ASBO during the 2003 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2002-2003 fiscal year and prior with a historical cost of $2,000 or more. Accumulated depreciation prior to fiscal year 2003, fiscal year 2003 deprecation expense, total accumulated depreciation and book values were also provided and have been updated annually through June 30, 2010. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective amounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

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

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

	Balance July 1, 2009	Additions	Adjustments	Balance June 30, 2010
Governmental Activities:				
Capital Assets that are Not Being Depreciated:				
Land	$ 69,345			69,345
Total Capital Assets Not Being Depreciated	69,345			69,345
Depreciable Assets:				
Sites	156,721			156,721
Buildings	8,637,061			8,637,061
Machinery & Equipment	1,508,659			1,508,659
Total	10,302,441			10,302,441
Less: Accumulated Depreciation:				
Sites	(113,055)	(8,342)		(121,397)
Buildings	(2,431,159)	(203,024)		(2,634,183)
Machinery & Equipment	(1,296,765)	(27,463)		(1,324,228)
Total Accumulated Depreciation	(3,840,979)	(238,829)		(4,079,808)

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation (Continued)

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010
Net Depreciable Assets	6,461,462	(238,829)		6,222,633
Governmental Activities Capital Assets, Net	$ 6,530,807	(238,829)		6,291,978
Business-Type Activities:				
Equipment	$ 33,058			33,058
Less: Accumulated Depreciation For:				
Equipment	(31,405)	(1,047)		(32,452)
Business-Type Activities Capital Assets, Net	$ 1,653	(1,047)		606

Depreciation expense was charged to governmental functions as follows:

Unallocated	$ 238,829

J. Deferred Revenue

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

K. Long-Term Obligations

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

L. Fund Equity

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

M. Tuition Receivable

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

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

Investments

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

a. Bonds or other obligations of the United States or obligations guaranteed by the United States.

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

c. Bonds or other obligations of the school district.

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

Investments (Continued)

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

FDIC	$ 100,000
GUPDA	218,152
	$ 318,152

As of June 30, 2010, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Interest Bearing Checking Accounts	$ (45,989)

The carrying amount of the District's cash and cash equivalents and investments at June 30, 2010 was $(45,989) and the bank balance was $318,152. Of the bank balance, $100,000 was covered by federal depository insurance and $218,152 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010	Long-Term Portion	2010-11 Payment
Compensated Absences Payable	$ 165,238		21,088	144,150	144,150	
Bonds Payable	4,589,000		360,000	4,229,000	3,849,000	380,000
	$ 4,754,238		381,088	4,373,150	3,993,150	380,000

A. Bonds Payable

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

NOTE 3: General Long-Term Debt (Continued)

A. Bonds Payable (Continued)

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

Year Ending Jun	Principal	Interest	Total
2011	$ 380,000	199,535	579,535
2012	395,000	181,480	576,480
2013	415,000	155,480	570,480
2014	435,000	142,655	577,655
2015	455,000	121,819	576,819
2016-2020	1,365,000	370,150	1,735,150
2021-2023	784,000	79,600	863,600
	$ 4,229,000	1,250,719	5,479,719

Refunding bonds issued 8/15/98 at interest from 4.50% to 4.75% maturing 8/15/15 with a balance of $1,500,000 at 6/30/10.

Bonds issued 2/15/02 at interest from 4.5% to 5% maturing 2/15/23 with a balance of $2,729,000 at 6/30/10.

B. Bonds Authorized But Not Issued

As of June 30, 2010, the Board had no bonds authorized but not issued. Refunding bonds on Certificates of Participants were issued August 15, 1998. See Note 9.

NOTE 4: Pension Plans

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

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

NOTE 4: Pension Plans (Continued)

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

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

NOTE 4: Pension Plans (Continued)

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

During the year ended June 30, 2010, the State of New Jersey contributed $222,899 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District $264,273 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. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

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

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	$ 222,899	100%	$ 0
6/30/09	207,995	100%	0
6/30/08	430,970	100%	0

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

NOTE 5: Post-Retirement Benefits (Continued)

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

NOTE 6: Compensated Absences

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

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

NOTE 7: Risk Management

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

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

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

Fiscal Year	District Contributions	Employee Contributions	Reimbursed	Ending Balance
2007-2008	None	10,227	22,561	2,232
2008-2009	None	29,412	26,128	5,517
2009-2010	None	41,672	47,129	60

NOTE 8: Economic Dependency

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

NOTE 9: Certificates of Participation

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

Sources:	
Certificates of Participation	$ 3,295,000.00
Accrued Interest	7,981.56
Original Issue Discount	(12,990.25)
	$ 3,289,991.31
Uses:	
Construction and Related Costs	$ 3,164,024.13
Deposit To Lease Revenue	7,981.56
Costs of Issuance	117,985.62
	$ 3,289,991.31

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

Optional Prepayment

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

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

NOTE 9: Certificates of Participation (Continued)

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

	Year	Principal
	2011	$ 215,000
	2012	230,000
	2013	245,000
	2014	260,000
(Final Maturity)	2015	280,000

Extraordinary Prepayment

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

Defeasance

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

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

NOTE 9: Certificates of Participation (Continued)

Certificates of Participation Refunded

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

NOTE 10: Contingent Liabilities

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

NOTE 11: Interfund Receivables and Payables

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

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 506,749	
Capital Project Fund		428,270
Special Revenue		78,479
	$ 506,749	506,749

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

NOTE 12: Fair Values of Financial Instruments

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

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

NOTE 13: 2% Calculation of Excess Surplus

2009-10 Total General Fund Expenditures Per the CAFR	$ 7,331,933
Increased by:	
Transfer to Food Service	15,252
Decreased by:	
On-Behalf TPAF Pension & Social Security	(487,172)
Adjusted 09-10 General Fund Expenditures	$ 6,860,013

NOTE 13: 2% Calculation of Excess Surplus (Continued)

2% of Adjusted 2009-10 General Fund Expenditures	$ 137,200
Increased by Allowable Adjustments	28,315
Maximum Unreserved/Undesignated Fund Balance	$ 165,515
Enter Above or $250,000, whichever is greater	$ 250,000
Increased by Allowable Adjustments	28,315
Maximum Unreserved/Undesignated Fund Balance	$ 278,315

Section 2

Total General Fund – Fund Balance @ 6-30-10	$ 310,693
Decreased by:	
Designated for Subsequent Year's Expenditures – Excess Surplus	(15,326)
Designated for Subsequent Year's Expenditures	(5,000)
Total Unreserved/Undesignated Fund Balance	$ 290,367
Reserved Fund Balance – Excess Surplus	$ 12,052

Section 3

Detail of Allowable Adjustments

Extraordinary Aid	$ 26,201
Non-Public Transportation	2,114
	$ 28,315

Detail of Designated for Subsequent Year's Expenditures

Designated for Subsequent Year's Expenditures – Excess Surplus	$ 15,326
Designated for Subsequent Year's Expenditures	5,000
	$ 20,326

NOTE 14: Recent Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2010. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

NOTE 14: Recent Accounting Pronouncements (Continued)

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2010 through November 19, 2010.

NOTE 15: Cash Deficit

As of June 30, 2010, the District had an overall cash deficit of $45,989, due to State Aid receivables and an interfund with the Capital Projects Fund due to an uncollected EDA grant. The final EDA grant reimbursement submission was not submitted as of June 30, 2010 due to a dispute between the District and project contractors. As of July 2010, all parties have reached an agreement and submission of the final grant reimbursement is currently being completed, and it is expected that the final reimbursement will be received in 2010-2011. The business office is monitoring the cash flow requirements on a daily basis, however, the District may need to consider issuing temporary notes in order to maintain cash flow during the 2010-2011 school year.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES – C

SHREWSBURY SCHOOL DISTRICT

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	$ 6,415,916		6,415,916	6,415,916	-
Tuition	49,000		49,000	44,171	(4,829)
Interest on Capital Reserve	50		50	1,725	1,675
Miscellaneous	16,000		16,000	4,496	(11,504)
Total Local Sources	6,480,966	-	6,480,966	6,466,308	(14,658)
State Sources:					
Transportation Aid	25,439	(8,904)	16,535	16,535	-
Special Education Aid	278,701		278,701	278,701	-
Security Aid	36,498	(12,759)	23,739	23,739	-
Adjustment Aid	45,268	(15,844)	29,424	29,424	-
Extraordinary Aid			-	26,201	26,201
Non-Public Transportation Aid				2,114	2,114
On-behalf TPAF Pension Contr. (non-budgeted)			-	222,899	222,899
Reimbursed TPAF Social Security (non-budgeted)			-	264,273	264,273
Total State Sources	385,906	(37,507)	348,399	863,886	515,487
Total Revenues	6,866,872	(37,507)	6,829,365	7,330,194	500,829

SHREWSBURY SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Preschool-Salaries of Teachers	54,475	7,722	62,197	62,197	-
Kindergarten - Salaries of Teachers	164,255	(411)	163,844	163,843	1
Grades 1-5 - Salaries of Teachers	1,179,988	(31,556)	1,148,432	1,148,431	1
Grades 6-8 - Salaries of Teachers	796,951	44,839	841,790	841,789	1
Home Instruction	2,000	4,171	6,171	6,171	-
Undistributed:					
Home Instruction - Purchased Professional Services	500	(500)	-		-
Other Salaries for Instruction	65,541	2,856	68,397	68,396	1
Purchased Technical Services	47,000	(3,084)	43,916	43,916	-
Other Purchased Services	27,795	(694)	27,101	26,561	540
General Supplies	156,750	20,002	176,752	176,751	1
Textbooks	70,000	(8,676)	61,324	61,278	46
Other Objects	4,000	-	4,000	3,923	77
Total Regular Programs - Instruction	2,569,255	34,669	2,603,924	2,603,256	668
Resource Room/Center:					
Salaries of Teachers	519,875	(22,078)	497,797	497,796	1
Other Salaries for Instruction	168,552	(16,192)	152,360	152,359	1
General Supplies	5,000	(3,225)	1,775	1,775	-
Textbooks	800	(800)	-		-
Other Objects	1,000	(1,000)	-		-
Total Resource Room/Center	695,227	(43,295)	651,932	651,930	2
Total Special Education - Instruction	695,227	(43,295)	651,932	651,930	2

SHREWSBURY SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	50,875	13,606	64,481	64,313	168
General Supplies	1,200	(535)	665	665	-
Total Basic Skills/Remedial - Instruction	52,075	13,071	65,146	64,978	168
Other Instructional Programs:					
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	18,646	(2,032)	16,614	16,613	1
Other Objects	1,500	(1,089)	411		411
Total School Sponsored Co-Curricular Activities - Instr.	20,146	(3,121)	17,025	16,613	412
School Sponsored Athletics - Instruction:					
Salaries	20,938	(1,208)	19,730	19,720	10
Purchased Services	5,700	-	5,700	4,944	756
Supplies and Materials	4,000	(2,800)	1,200	787	413
Other Objects	1,000	-	1,000	750	250
Total School Sponsored Athletics - Instruction	31,638	(4,008)	27,630	26,201	1,429
Total Other Instructional Programs	51,784	(7,129)	44,655	42,814	1,841
Total Instruction	3,368,341	(2,684)	3,365,657	3,362,978	2,679
Undistributed Expenditures:					
Instruction:					
Tuition to Other Lea's-Regular	1,530	-	1,530	1,500	30
Tuition to Other Lea's-Special	5,300	(5,300)	-		-
Total Undistributed Expenditures - Instruction	6,830	(5,300)	1,530	1,500	30

SHREWSBURY SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Attendance and Social Work					
Salaries	17,446	3,480	20,926	20,926	-
Health Services:					
Salaries	75,465	(2,216)	73,249	73,249	-
Purchased Professional - Educational Services	1,000	354	1,354	1,354	-
Other Purchased Services	100	-	100	46	54
Supplies and Materials	1,000	130	1,130	951	179
Total Health Services	77,565	(1,732)	75,833	75,600	233
Other Support Services - Student - Related Services:					
Salaries	123,628	(1,954)	121,674	121,663	11
Purchased Professional - Educational Services	60,875	(33,654)	27,221	20,886	6,335
Supplies and Materials	2,200	2,050	4,250	4,222	28
Total Other Support Services - Student - Related Services	186,703	(33,558)	153,145	146,771	6,374
Other Support Services - Student - Extra Services:					
Other Salaries for Instruction	19,357	8,741	28,098	28,097	84,293
Supplies and materials	3,800	(2,464)	1,336	1,336	4,008
Total Other Support Services - Student - Extra Services	23,157	6,277	29,434	29,433	88,301
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	52,175	-	52,175	52,175	-
Other Salaries	1,453	-	1,453	1,453	-
Supplies and Materials	1,500	(1,197)	303	302	1
Total Other Support Services - Student Regular	55,128	(1,197)	53,931	53,930	1

SHREWSBURY SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Student - Special:					
Salaries of Other Professional Staff	216,975	(16,250)	200,725	200,725	-
Salaries of Secretarial & Clerical	31,669	(453)	31,216	31,214	2
Purchased Professional-Educational Services	6,000	(2,371)	3,629	3,037	592
Other Purchased Services	3,750	1,301	5,051	5,050	1
Supplies and Materials	6,000	2,336	8,336	8,330	6
Other Objects	2,500	597	3,097	3,073	24
Total Other Support Student - Special	266,894	(14,840)	252,054	251,429	625
Improvement of Instructional Services:					
Salaries of Supervisors	6,979	(912)	6,067	6,067	-
Educational Media/School Library:					
Salaries	101,866	(21,021)	80,845	80,845	-
Purchased Professional-Technical Services		22,200	22,200	22,200	-
Other Purchased Services	4,400	(715)	3,685	3,629	56
Supplies & Materials	8,650	(345)	8,305	8,287	18
Other Objects	500	(400)	100	79	21
Total Educational Media/Library	115,416	(281)	115,135	115,040	95
Instructional Staff Training Services:					
Purchased Professional/Technical Services	12,000	(8,083)	3,917	3,734	183
Other Purchased Services	6,000	19,081	25,081	21,207	3,874
Supplies and Materials	800	(800)	-		-
Total Instructional Staff Training Services	18,800	10,198	28,998	24,941	4,057

SHREWSBURY SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administration:					
Salaries	138,283	(921)	137,362	137,362	-
Legal Services	40,000	142,761	182,761	182,761	-
Audit Fees	8,700	(200)	8,500	8,500	-
Other Purchased Professional Services	10,000	(9,507)	493	493	-
Purchased Technical Services	9,000	(2,282)	6,718	6,718	-
Communications/Telephone	31,000	(9,083)	21,917	21,853	64
BOE Other Purchased Services	1,000	(790)	210	210	-
Other Purchased Services	41,644	(5,296)	36,348	35,137	1,211
General Supplies	7,300	2,220	9,520	9,520	-
Judgments		20,000	20,000	20,000	-
Miscellaneous Expenditures	9,900	577	10,477	10,362	115
BOE Membership Dues and Fees	5,120	(760)	4,360	4,360	-
Total Support Services - General Administration	301,947	136,719	438,666	437,276	1,390
Support Services - School Administration:					
Salaries of Principals/Vice Principals	135,958	(12,867)	123,091	123,090	1
Salaries of Secretarial & Clerical	15,618	(856)	14,762	14,762	-
Other Purchased Services	200	(200)	-		-
Supplies and Materials	1,000	(263)	737	737	-
Other Objects	1,000	(1,000)	-		-
Total Support Services - School Administration	153,776	(15,186)	138,590	138,589	1

SHREWSBURY SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central Services:					
Salaries	200,639	-	200,639	199,521	1,118
Purchased Technical Services	7,500	(3,410)	4,090	4,090	-
Other Purchased Services	4,100	(190)	3,910	3,871	39
Supplies and Materials	6,700	(835)	5,865	5,681	184
Miscellaneous	5,000	(1,260)	3,740	2,973	767
Total Central Services	223,939	(5,695)	218,244	216,136	2,108
Administrative Information Technology:					
Salaries	39,540	(2,540)	37,000	37,000	-
Allowable Maintenance For School Facilities:					
Cleaning, Repairs and Maintenance	58,000	(9,000)	49,000	45,195	3,805
General Supplies	24,500	3,000	27,500	25,698	1,802
Other Objects	800	-	800	700	100
Total Allowable Maintenance For School Facilities	83,300	(6,000)	77,300	71,593	5,707
Other Operations and Maintenance Of Plant:					
Salaries	260,331	(28,784)	231,547	231,507	40
Other salaries	33,637	(2,000)	31,637	31,593	44
Other Purchased Services	63,000	(49,339)	13,661	13,437	224
Insurance	26,428	15	26,443	26,443	-
Miscellaneous Purchased Services	200	(15)	185	7	178
Supplies	3,000	(1,000)	2,000	1,795	205
Energy (Heat & Electricity)	115,000	(3,905)	111,095	111,095	-
Energy-Natural Gas	115,000	(19,498)	95,502	84,940	10,562
Other Objects	1,000	(500)	500	160	340
Total Other Operations and Maintenance Of Plant	617,596	(105,026)	512,570	500,977	11,593

SHREWSBURY SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance	15,000	(7,000)	8,000	6,738	1,262
Supplies	4,700	5,500	10,200	9,958	242
Total Care and Upkeep of Grounds	19,700	(1,500)	18,200	16,696	1,504
Security:					
Salaries	24,286	500	24,786	23,901	885
Student Transportation:		-			
Contracted Services Home/School - Vendors	7,400	(2,006)	5,394	4,774	620
Contracted Services Other than b/w Home/School - Vendors	10,000	-	10,000	9,022	978
Contracted Services Home/School - Joint Agreement	44,000	(1,862)	42,138	42,138	-
Contracted Services Special Education - Vendors	15,500	-	15,500	14,071	1,429
Total Student Transportation	76,900	(3,868)	73,032	70,005	3,027
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	85,168	(4,950)	80,218	80,217	1
TPAF Contributions - ERIP	64,820	17,180	82,000	81,881	119
Workmen's Compensation	51,145	(4,075)	47,070	47,069	1
Health Benefits	911,675	44,101	955,776	955,775	1
Tuition Reimbursement	5,500	11,432	16,932	12,214	4,718
Other Employee	31,050	17,000	48,050	48,049	1
Total Unallocated Benefits - Employee Benefits	1,149,358	80,688	1,230,046	1,225,205	4,841
On Behalf TPAF Pension Contributions (Non-Budgeted)		-		222,899	(222,899)
On Behalf TPAF Social Security Contr. (Non-Budgeted)		-		264,273	(264,273)
Total Undistributed Expenditures	3,465,260	40,227	3,505,487	3,950,187	(356,400)

SHREWSBURY SCHOOL DISTRICT

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital Outlay:					
Interest to Capital Reserve	50		50		50
Equipment-School Facilities	99,308	2,000	101,308	268	101,040
Facilities Construction Services		18,500	18,500	18,500	
Total Capital Outlay	99,358	20,500	119,858	18,768	101,090
Total Expenditures	6,932,959	58,043	6,991,002	7,331,933	(252,631)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(66,087)	(95,550)	(161,637)	(1,739)	248,198
Other Financing Sources (Uses)					
Transfer to Cover Deficit - Food Service	(15,335)	-	(15,335)	(15,252)	83
Transfer to Capital Projects	(101,040)		(101,040)	(101,040)	
Total Other Financing Sources (Uses)	(116,375)	-	(116,375)	(116,292)	83
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(182,462)	(95,550)	(278,012)	(118,031)	248,281
Fund Balance July 1	428,724		428,724	428,724	
Fund Balance June 30	$ 246,262	(95,550)	150,712	310,693	248,281

Exhibit C-2

SHREWSBURY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
State Sources	$ -	6,280	6,280	6,280	
Federal Sources	114,270	67,942	182,212	182,212	
Total Revenues	$ 114,270	74,222	188,492	188,492	-
Expenditures:					
Instruction:					
Purchased Professional Educational Services	$ 114,270	(2,590)	111,680	111,680	
Tuition		69,710	69,710	69,710	
Textbooks		1,895	1,895	1,895	
General Supplies		4,074	4,074	4,074	
Total Instruction	114,270	73,089	187,359	187,359	-
Support Services:					
Purchased Professional Educational Services		1,133	1,133	1,133	
Total Support Services	-	1,133	1,133	1,133	-
Total Expenditures	$ 114,270	74,222	188,492	188,492	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SHREWSBURY SCHOOL DISTRICT

Exhibit C-3

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2010

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	$ 7,330,194	188,492
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	32,979	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(38,596)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	$ 7,324,577	188,492
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	$ 7,331,933	188,492
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 7,331,933	188,492

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

SHREWSBURY SCHOOL DISTRICT

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Title IIA	Title IV	I.D.E.A. - Part B Basic	I.D.E.A. - Part B Preschool	IDEA Part B Basic ARRA
Revenues:					
State Sources	$ -				
Federal Sources	8,074	89	116,915	5,446	51,688
Total Revenues	$ 8,074	89	116,915	5,446	51,688
Expenditures:					
Instruction:					
Purchased Professional Educational Services	$ 4,000	89	47,205	4,313	51,688
Textbooks					
Tuition			69,710		
General Supplies	4,074				
Total Instruction	8,074	89	116,915	4,313	51,688
Support Services:					
Purchased Professional and Technical Services				1,133	
Total Support Services	-	-	-	1,133	-
Total Expenditures	$ 8,074	89	116,915	5,446	51,688

SHREWSBURY SCHOOL DISTRICT

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Ch 193 Corrective Speech	Non-Public Nursing	Non-Public Textbooks	Totals 2010
Revenues:				
State Sources	1,704	2,681	1,895	6,280
Federal Sources				182,212
Total Revenues	1,704	2,681	1,895	188,492
Expenditures:				
Instruction:				
Purchased Professional Educational Services	1,704	2,681		111,680
Textbooks			1,895	1,895
Tuition				69,710
General Supplies				4,074
Total Instruction	1,704	2,681	1,895	187,359
Support Services:				
Purchased Professional and Technical Services				1,133
Total Support Services	-	-	-	1,133
Total Expenditures	1,704	2,681	1,895	188,492

CAPITAL PROJECTS FUND – F

SHREWSBURY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF PROJECT EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2010

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

SHREWSBURY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-2

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2010

Revenues		
Local Share - Budget Appropriation	$	101,040
State Share - FEC Grant		67,360
Total Revenues		168,400
Expenditures		
Required Maintenance of School Facilities		158,226
Total Expenditures		158,226
Excess (Deficiency) of Revenues Over (Under) Expenditures		10,174
Fund Balance - Beginning		-
Fund Balance - Ending	$	10,174

SHREWSBURY SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,

AND PROJECT STATUS - BUDGETARY BASIS

ADDITION TO ELEMENTARY SCHOOLS

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Local Share - Budget Appropriation	$ -	101,040	101,040	101,040
State Share - FEC Grant		67,360	67,360	67,360
Total Revenues	-	168,400	168,400	168,400
Expenditures and Other Financing Uses				
Required Maintenance of School Facilities		158,226	158,226	168,400
Total Expenditures	-	158,226	158,226	168,400
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	10,174	10,174	-

Additional Project Information	
Bond Authorization Date	7/2/2009
Original Authorized Cost	$168,400
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	94%
Original Target Completion Date	11/15/2010
Revised Target Completion Date	11/15/2010

PROPRIETARY FUNDS – G

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF NET ASSETS

Exhibit G-1

ENTERPRISE FUNDS

JUNE 30, 2010

	Enterprise Funds		
	Food Service Fund	Tuition Fund	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 29,927	20,452	50,379
Total Current Assets	29,927	20,452	50,379
Noncurrent Assets:			
Equipment	33,058		33,058
Less: Accumulated Depreciation	(32,452)		(32,452)
Total Noncurrent Assets	606	-	606
Total Assets	$ 30,533	20,452	50,985
Liabilities			
Accounts Payable	$ 6	20,452	20,458
Net Assets			
Investment in Capital Assets	$ 606		606
Unrestricted	29,921		29,921
Total Net Assets	$ 30,527	-	30,527

SHREWSBURY SCHOOL DISTRICT

Exhibit G-2

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

ENTERPRISE FUNDS

JUNE 30, 2010

	Enterprise Funds		
	Food Service Fund	Tuition Fund	Totals
Operating Revenues:			
Local Sources:			
Daily Sales Reimbursable Programs:			
School Lunch Program	$ 25,331		25,331
Miscellaneous	5,303		5,303
Tuition	-	64,623	64,623
Total Operating Revenue	30,634	64,623	95,257
Operating Expenses:			
Cost of Sales	25,750		25,750
Depreciation	1,047		1,047
Miscellaneous	12,113		12,113
Tuition Reimbursements		64,623	64,623
Salaries	15,239		15,239
Total Operating Expenses	54,149	64,623	118,772
Operating Income (Loss)	(23,515)	-	(23,515)
Non-Operating Revenues:			
Board Contribution	15,252		15,252
Interest	105		105
Total Non-Operating Revenues	15,357	-	15,357
Change in Net Assets	(8,158)	-	(8,158)
Adjustments:			
Transfer out Interest	(118)		(118)
Change in Net Assets after Adjustments	(8,276)		(8,276)
Net Assets, July 1	38,803		38,803
Net Assets, June 30	$ 30,527	-	30,527

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF CASH FLOWS

Exhibit G-3

ENTERPRISE FUNDS

JUNE 30, 2010

	Enterprise Funds		
	Food Service Fund	Tuition Fund	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	$ 30,634	64,623	95,257
Payments to Employees	(15,235)		(15,235)
Payments to Suppliers & Miscellaneous	(37,867)	(44,171)	(82,038)
Net Cash Used by Operating Activities	(22,468)	20,452	(2,016)
Cash Flows from Noncapital Financing Activities:			
Board Contribution	15,239	-	15,239
Net Cash Provided by Noncapital Financing Activities	15,239	-	15,239
Net Increase/(Decrease) in Cash and Cash Equivalents	(7,229)	20,452	13,223
Cash and Cash Equivalents July 1	37,160	-	37,160
Cash and Cash Equivalents June 30	$ 29,931	20,452	50,383
Cash Flows from Operating Activities:			
Operating Income (Loss)	$ (23,515)	-	(23,515)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:			
Depreciation	1,047		1,047
(Increase)/Decrease in Accounts Payable		20,452	20,452
Net Cash Used by Operating Activities	$ (22,468)	20,452	(2,016)

FIDUCIARY FUND – H

BOROUGH OF SHREWSBURY SCHOOL DISTRICT

Exhibit H-1

TRUST AND AGENCY FUND

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AS OF JUNE 30, 2010

	Net Payroll	Student Activity	Payroll Agency	Unemployment Compensation Expendable Trust	Total 2010
Assets:					
Cash and Cash Equivalents	$ 1,333	51,119	136,893	60	189,405
Total Assets	$ 1,333	51,119	136,893	60	189,405
Liabilities and Fund Balances:					
Liabilities:					
Payroll Deductions and Withholdings	$ -		136,893		136,893
Due to Student Groups		51,119			51,119
Net Salary Accumulation	1,333				1,333
Total Liabilities	$ 1,333	51,119	136,893		189,345
Net Assets:					
Reserved - Unemployment Benefits				60	60
Total Net Assets				60	60

BOROUGH OF SHREWSBURY SCHOOL DISTRICT

EXPENDABLE TRUST FUND

Exhibit H-2

STATEMENT OF CHANGES

IN FIDUCIARY NET ASSETS

JUNE 30, 2010

	Unemployment Compensation Insurance Trust Fund
Additions:	
Local Sources:	
Contributions	$ 41,664
Interest on Investments	8
Total Additions	41,672
Deductions:	
Unemployment Claims	47,129
Total Deductions	47,129
Change in Net Assets	(5,457)
Net Assets, July 1	5,517
Net Assets, June 30	$ 60

BOROUGH OF SHREWSBURY SCHOOL DISTRICT **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:				
Shrewsbury	$ 47,791	121,001	117,673	51,119

BOROUGH OF SHREWSBURY SCHOOL DISTRICT

PAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

JUNE 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Assets:				
Cash and Cash Equivalents	$ 47,057	2,310,766	2,220,930	136,893
Total Assets	$ 47,057	2,310,766	2,220,930	136,893
Liabilities:				
Payroll Deductions, Withholdings	$ 47,057	2,310,766	2,220,930	136,893
Total Liabilities	$ 47,057	2,310,766	2,220,930	136,893

LONG-TERM DEBT – I

SHREWSBURY SCHOOL DISTRICT

GENERAL LONG-TERM DEBT ACCOUNT GROUP

SCHEDULE OF SERIAL BONDS PAYABLE

JUNE 30, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2009	Retired	Balance June 30, 2010
Refunding Bonds of 1998	8/15/98	$2,655,000	8/15/10	$ 225,000	4.50% - 4.75%	$ 1,710,000	210,000	1,500,000
			8/15/11	230,000				
			8/15/12	245,000				
			8/15/13	255,000				
			8/15/14	265,000				
			8/15/15	280,000				
School Improvements	2/15/02	3,644,000	2/15/11	155,000		2,879,000	150,000	2,729,000
			2/15/12	165,000				
			2/15/13	170,000				
			2/15/14	180,000				
			2/15/15	190,000				
			2/15/16	200,000				
			2/15/17	205,000				
			2/15/18	215,000				
			2/15/19	225,000				
			2/15/20	240,000				
			2/15/21	250,000				
			2/15/22	260,000				
			2/15/23	274,000				
						$ 4,589,000	360,000	4,229,000

SHREWSBURY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit I-3

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	$ 576,879		576,879	576,879	-
Total Revenues	576,879	-	576,879	576,879	-
Expenditures:					
Regular Debt Service:					
Interest	216,884		216,884	216,884	-
Redemption of Principal	360,000		360,000	360,000	
Total Expenditures	576,884	-	576,884	576,884	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5)	-	(5)	(5)	-
Fund Balance July 1	5	-	5	5	-
Fund Balance June 30	$ -	-	-	-	-
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	$ (5)	-	(5)	(5)	

STATISTICAL SECTION

(Unaudited)

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

J-1

	2010	2009	2008	2007	2006	2005
Governmental Activities						
Invested in Capital Assets, net of related Debt	$ (265,321)	1,941,807	1,842,225	1,776,958	1,712,549	1,559,671
Restricted	539,115	161,403	263,802	138,174	86,738	301,063
Unrestricted	6,291,978	69,109	(19,871)	103,896	87,084	10,372
Total Governmental Activities	$ 6,565,772	2,172,319	2,086,156	2,019,028	1,886,371	1,871,106
Business Type Activities						
Invested in Capital Assets, net of related Debt	$ 606	1,653	2,700	4,794	6,887	8,982
Unrestricted	29,921	37,150	44,175	42,164	43,097	43,044
Total Business Type Activities	$ 30,527	38,803	46,875	46,958	49,984	52,026
District-wide						
Invested in Capital Assets, net of related Debt	$ 1,919,434	1,943,460	1,844,925	1,781,752	1,719,436	1,568,653
Restricted	42,552	161,403	263,802	138,174	86,738	301,063
Unrestricted	269,640	106,259	24,304	146,060	130,181	53,416
Total District Assets	$ 2,231,626	2,211,122	2,133,031	2,065,986	1,936,355	1,923,132

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

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

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

J-3

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

SHREWSBURY SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

J-4

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Tax Levy	$6,992,795	6,776,480	6,554,388	6,309,919	5,836,111	5,715,337				
Other Local Revenue	50,392	29,818	35,759	39,142	24,064	13,053				
State Sources	931,909	830,805	1,028,832	1,023,693	786,020	760,838				
Federal Sources	182,212	128,350	129,906	126,485	127,160	126,713				
Total Revenues	8,157,308	7,765,453	7,748,885	7,499,239	6,773,355	6,615,941	-	-	-	-
Expenditures										
Instruction:										
Regular	2,603,256	2,449,230	2,270,632	2,226,467	2,083,368	2,018,219				
Special	651,930	715,463	754,743	687,099	553,519	566,609				
Other	64,978	54,357	78,815	78,492	76,026	75,157				
School-sponsored/other instructional	42,814	43,686	44,502	40,060	40,870	39,159				
Total instruction	3,362,978	3,262,736	3,148,692	3,032,118	2,753,783	2,699,144				
Undistributed:										
Instruction/Tuition	1,500	16,705	137,109	128,029	29,686	29,122				
Support services	724,137	741,366	664,901	600,799	704,481	564,849				
General Administration	391,725	367,820	347,705	106,258	266,880	310,363				
School Administration	437,276	302,811	297,798	491,982	323,444	342,701				
Operations and maintenance	613,167	681,709	715,878	652,348	588,876	540,766				
Student transportation	70,005	85,514	84,665	72,648	94,370	89,159				
Unallocated Benefits	1,225,205	1,112,891	956,572	919,652	889,404	744,557				
TPAF Pension & Social Security	487,172	466,705	667,484	645,616	423,797	374,811				
Total Undistributed	3,950,187	3,775,521	3,872,112	3,617,332	3,320,938	2,996,328				
Capital Outlay:										
Equipment	18,768			25,178	32,398					
Other				-	-					
Total Capital Outlay	18,768	-	-	25,178	32,398	-				
Total General Fund Expenditures	7,331,933	7,038,257	7,020,804	6,674,628	6,107,119	5,695,472	-	-	-	-
Special Revenue:										
Local		250								
State	6,280	13,297	3,662	8,639	13,141	3,905				
Federal	182,212	129,350	129,906	127,485	127,549	127,003				
Total Special Revenue expenditures	188,492	142,897	133,568	136,124	140,690	130,908				
Capital Projects Fund Expenditures	158,226			0	52,192	13,198				
Debt Service Expenditures	576,884	578,287	573,811	578,636	582,840	582,304				
Total Governmental Fund Expenditures	8,255,535	7,759,441	7,728,183	7,389,388	6,882,841	6,421,882				
Excess(Deficiency) of Revenues Over(Under) Expenditures	(98,227)	6,012	20,702	109,851	(109,486)	194,059				
Other Financing Sources (Uses)	(15,252)	(15,143)	(13,831)	(11,432)	(20,648)	(15,334)				
Net Change in Fund Balance	$ (113,479)	(9,131)	6,871	98,419	(130,134)	178,725	-	-	-	-

Source: District records

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

J-5

	Tuition	Interest on Investments	Miscellaneous	Total
2001	$ 24,763		51,770	76,533
2002	46,801		14,715	61,516
2003	32,433	-	8,739	41,172
2004			36,419	36,419
2005			12,763	12,763
2006			21,426	21,426
2007		32,311	5,831	38,142
2008		19,340	16,419	35,759
2009		4,411	25,407	29,818
2010	44,171	1,725	4,496	50,392

Source: District records

For years 2001 to 2006 interest is included in Miscellaneous

SHREWSBURY BOROUGH SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Estimated Full Cash Valuations	Less: Tax Exempt Property	Public Utilities	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized) Value
2001								548,552,984			440,938,567	0.980	80.38%
2002								628,714,323			451,874,073	1.020	71.87%
2003								786,763,315			786,763,315	0.686	100.00%
2004								756,796,646			791,987,690	0.722	104.65%
2005								856,976,966			791,332,531	0.738	92.34%
2006	8,101,300	500,826,900	778,700	10,900	284,952,800			860,916,634			796,254,400	0.792	92.49%
2007	6,469,400	511,903,900	778,700	10,900	286,794,000			1,109,817,465			807,423,411	0.809	72.75%
2008	5,154,200	517,858,900	778,700	10,900	286,898,200			1,252,140,893			812,138,583	0.860	64.86%
2009	7,693,000	522,019,400	778,700	10,900	281,708,500			1,181,642,916			813,679,312	0.885	68.86%
2010	7,668,100	518,386,500	914,500	10,900	279,625,900			N/A			808,166,606	0.885	68.86%

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

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation.

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

SHREWSBURY BOROUGH SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(Rate per $100 of Assessed Value)

Fiscal Year Ended June 30,	Shrewsbury School	Red Bank Regional School	Total Direct	Borough of Shrewsbury	Monmouth County	Total Direct and Overlapping Tax Rate
2001	$ 0.980	0.530	1.510	0.900	0.580	2.990
2002	1.020	0.570	1.590	0.945	0.610	3.145
2003	0.686	0.360	1.046	0.573	0.362	1.981
2004	0.722	0.376	1.098	0.610	0.357	2.065
2005	0.738	0.401	1.139	0.650	0.363	2.152
2006	0.792	0.423	1.215	0.679	0.373	2.267
2007	0.809	0.452	1.261	0.714	0.381	2.356
2008	0.835	0.511	1.346	0.745	0.373	2.464
2009	0.860	0.540	1.400	0.745	0.409	2.554
2010	0.885	0.570	1.455	0.776	0.403	2.634

SHREWSBURY BOROUGH SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS,

J-8

CURRENT YEAR AND NINE YEARS AGO

Block	Lot	Owner Name	Assessed Value	% of Assessed Value
38	4	Route 35 Shrewsbury (The Grove)	$ 31,564,100	3.88%
31	1	Marzulla, Allen Brown National Real	25,000,000	3.07%
31	4	Execen Limited Partnership	13,775,400	1.69%
3	4	555 Shrewsbury Avenue, LLC	9,706,800	1.19%
30	8.01	Bal Sycamore LLC Brandywine SL	9,347,300	1.15%
2	21	Shrewsbury/Newman Springs Road, LLC	7,883,500	0.97%
70.01	5.01	Meridian Nursing & Rehabilitation	7,216,000	0.89%
29	15	Satellite Self Storage of Shrewsbury	6,923,000	0.85%
31	3	SBC Holdings c/o National Realty	6,750,000	0.83%
3	11	Shrewsbury Physician Group, LLC	6,669,300	0.82%
		Net Valuation	124,835,400	

SHREWSBURY BOROUGH SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIBLES

J-9

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for The Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years
2001	$ 3,728,340	3,728,340	100%	
2002	3,966,643	3,966,643	100%	
2003	4,140,044	4,140,044	100%	
2004	4,812,471	4,812,471	100%	
2005	5,133,032	5,133,032	100%	
2006	5,260,529	5,260,529	100%	
2007	5,731,281	5,731,281	100%	
2008	6,052,973	6,052,973	100%	
2009	6,062,973	6,062,973	100%	
2010	6,268,019	6,268,019	100%	

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

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

SHREWSBURY BOROUGH SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

J-10

LAST TEN FISCAL YEARS

(Dollars in Thousands, Except Per Capita)

Fiscal Year Ended June 30,	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Business-Type Activities Capital Leases	Total District	Percentage of Personal Income	Per Capita
2001	$ 147,160	142,643				289,803	13.84%	40.123
2002	146,035	146,285				292,320	14.38%	42.028
2003	295,230	144,363				439,593	9.95%	43.684
2004	439,729	144,150				583,879	7.44%	43.427
2005	438,174					438,174	10.05%	44.055
2006	582,839					582,839	7.65%	44.591
2007	578,636					578,636	7.81%	45.201
2008	571,884					571,884	8.67%	49.633
2009	578,287					578,287	N/A	N/A
2010	576,884					576,884	N/A	N/A

SHREWSBURY BOROUGH SCHOOL DISTRICT

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

J-11

LAST TEN FISCAL YEARS

(Dollars in Thousands, Except Per Capita)

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2001	$ 147,160		147,160	0.03%	40,123
2002	146,035		146,035	0.03%	42,028
2003	295,230		295,230	0.04%	43,684
2004	439,729		439,729	0.06%	43,427
2005	438,174		438,174	0.06%	44,055
2006	582,839		582,839	0.07%	44,591
2007	578,636		578,636	0.08%	45,201
2008	571,884		571,884	0.09%	49,633
2009	578,287		578,287	N/A	N/A
2010	576,883		576,883	N/A	N/A

SHREWSBURY BOROUGH SCHOOL DISTRICT

RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

J-12

AS OF DECEMBER 31, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Share of Overlapping Debt
Debt Repaid with Property Taxes	$ 9,371,688		9,371,688
Shrewsbury Borough (as of December 31, 2009)			
Monmouth County (Shrewsbury Share)			
Other Debt			None
Subtotal, Overlapping Debt			9,371,688
Shrewsbury Borough School District Debt (as of December 31, 2009)			6,075,282
			$ 15,446,970

Sources: Shrewsbury Borough Annual Debt Statement, District Records.

SHREWSBURY BOROUGH SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

J-13

(Dollars in Thousands)

	2009
Debt Limit	$ 47,667,640
Total Net Debt Applicable to Limit	4,379,000
Legal Debt Margin	$ 52,046,640
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.2%

Legal Debt Margin Calculation for Fiscal Year 2009

Equalized Valuation Basis	
2007	$1,145,638,806
2008	1,249,924,298
2009	1,179,509,875
Average Equalized Valuation of Taxable Property	$1,191,690,993
Debt Limit (4% of Average)	$ 47,667,640
Net Bonded School Debt	4,379,000
Legal Debt Margin	$ 43,288,640

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

SHREWSBURY BOROUGH SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

Exhibit J-14

LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (Thousands of Dollars) (b)	Per Capita Personal Income ©	Unemployment Rate(d)
2000	3,263	233,645,295	37,356	1.8%
2001	3,590	255,042,570	40,123	1.4%
2002	3,590	260,386,143	42,028	1.6%
2003	3,689	256,022,775	43,684	2.4%
2004	3,750	263,645,317	43,427	2.4%
2005	3,784	262,357,810	44,055	2.0%
2006	3,717	264,112,493	44,591	1.2%
2007	3,754	N/A	55,826	N/A
2008	3,775	N/A	56,755	N/A
2009	3,772	N/A	N/A	2.4%

Source:

(a) Population information provided by the NJ Department of Labor and Workforce Development

(b) Personal income - Per Capita Income

© Per Capita for Monmouth County

(d) Unemployment data provided by the NJ Department of Labor and Workforce Development

SHREWSBURY BOROUGH SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

Exhibit J-15

CURRENT YEAR AND NINE YEARS AGO

2010	2001
Data Not Available	Data Not Available

SHREWSBURY BOROUGH SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

J-16

LAST THREE FISCAL YEARS

Function/Program	2010	2009	2008
Instruction:			
Regular	39	41.0	30.0
Special Education	8	10.0	14.1
Support Services:			
Student & Instruction Related Services	13.6	10.0	7.5
School Administrative Services	2	2.0	2.0
General & Business Administrative Services	1	1.0	1.0
Plant Operations & Maintenance	7	9.0	7.0
Business & Other Support Services	7	6.0	5.0
Food Service	3	3.5	4.0
Total	80.6	82.5	70.6

Source: District Personnel Records

SHREWSBURY BOROUGH SCHOOL DISTRICT

OPERATING STATISTICS

LAST SIX FISCAL YEARS

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

SHREWSBURY BOROUGH SCHOOL DISTRICT

SCHEDULE OF REQUIRED MAINTENANCE

LAST NINE FISCAL YEARS

Undistributed Expenditures - Required Maintenance for School Facilities

	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total School Facilities
Shrewsbury Borough School	$ 151,018	71,820	82,984	82,787	81,636	126,527	144,689	109,683	71,593	922,737

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

Source: District records.

DULE OF YOUR CURRENT INSURANCE

A SERVICE OF
G.R. MURRAY INSURANCE
DIVISION OF O'GORMAN & YOUNG
707 STATE ROAD - P.O. BOX 83
PRINCETON, NEW JERSEY 08542
PHONE: 609 924-5000

ed For: Shrewsbury Borough Board of Education
20 Obre Place
Shrewsbury, NJ 07702

DATE PREPARED: 7/31/2009

ERAGE	AMOUNTS/LIMITS	TERM	EXPIRES	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
ge Policy		1 Yr.	7/1/2010	NJSBAIG	P807AA	$41,886	
TY							
et Building & Contents	$13,436,082						
tible	$5,000						
Hardware/Software	$154,500						
tible	$1,000						
Expense	$25,000,000						
ble Papers & Records	$10,000,000						
& Machinery	$100,000,000						
tible	$5,000						
ul Performace	$50,000						
ry & Alterations	$25,000						
y & Securities	$25,000						
y Orders & Counterfeit Currency	$25,000						
tible	$500						
al Liability							
Occurrence	$11,000,000						
cts/Completed Operations	$11,000,000						
l Abuse	$11,000,000						
nal & Advertising Injury	$11,000,000						
oyee Benefits	$1,000,000						
oyee Benefits Deductible	$1,000						
cal Payments	$10,000						

resent this schedule so you may get an overall
e of your insurance protection. If you have
es from other insurance offices we suggest you
nem to this list to present the complete picture.

Please examine this schedule with particular reference to the amount or limits of your insurance. Today's property values and liability judgements are higher and insurance should be adjusted to cover.

Exhibit J-20

)ULE OF YOUR CURRENT INSURANCE

'd For:

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

A SERVICE OF
G.R. MURRAY INSURANCE
DIVISION OF O'GORMAN & YOUNG
707 STATE ROAD - P.O. BOX 83
PRINCETON, NEW JERSEY 08542
PHONE: 609 924-5000

DATE PREPARED: 7/31/2009

RAGE	AMOUNTS/LIMITS	TERM	EXPIRES	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
; Policy continued							
s Auto							
Liability	$1,000,000					Inc In Pckg	
ed/Underinsured	$1,000,000						
l Injury Protection	$250,000						
Payments	$10,000						
ar Physical Damage	$75,000						
Non-Owned Auto Liability	$1,000,000						
Collision Deductible	$1,000						
& Omissions Liability							
Liability	$1,000,000	1 Yr.	7/1/2010	NJSBAIG	E807AA	$7,597	
ole	$5,000						
s Compensation		1 Yr.	7/1/2010	NJSBAIG	W807AA	$47,069	
rs Liability Limits							
njury by Accident	$2,000,000	Each Accident					
njury by Disease	$2,000,000	Each Employee					
njury by Disease	$2,000,000	Aggregate Limit					

nt this schedule so you may get an overall
f your insurance protection. If you have
rom other insurance offices we suggest you
to this list to present the complete picture.

Please examine this schedule with particular reference to the amount or limits of your insurance. Today's property values and liability judgements are higher and insurance should be adjusted to cover.

A SERVICE OF
G.R. MURRAY INSURANCE
DIVISION OF O'GORMAN & YOUNG
707 STATE ROAD - P.O. BOX 83
PRINCETON, NEW JERSEY 08542
PHONE: 609 924-5000

Prepared For:

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

DATE PREPARED: 7/31/2009

COVERAGE	AMOUNTS/LIMITS	TERM	EXPIRES	COMPANY	POLICY NUMBER	PREMIUM	COMMENTS
Excess Umbrella		1 Yr.	7/1/2010	Fireman's Fund	SHX00090455635	$1,989	
CAP Program							
Each Occurrence	$50,000,000						
Aggregate	$50,000,000						
Student Accident Policy		1 Yr.	7/1/2010	McCloskey	6731039	Included Pkg	
Max Benefit Amount	$1,000,000						
Catastrophic Cash	$1,000,000						
Supplemental Indemnity		1 Yr.	7/1/2010	Chubb NJSBAIG	64775774	$1,160	
Maximum Benefit Period	52 Weeks						
Maximum Weekly Benefit	$1,400						
Bonds		1 Yr.	7/1/2010	NJSBAIG	P807AA	Incl. Pkg	
Loretta Hill, Treasurer	$175,000						
Debora Avenio, Board Secretary	$100,000						

We present this schedule so you may get an overall picture of your insurance protection. If you have policies from other insurance offices we suggest you add them to this list to present the complete picture.

Please examine this schedule with particular reference to the amount or limits of your insurance. Todays property values and liability judgements are higher and insurance should be adjusted to cover.

SINGLE AUDIT SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

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

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

K-1

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

We have audited the general-purpose financial statements of the Board of Education of the Shrewsbury School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2010 and have issued our report thereon dated November 19, 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 Shrewsbury Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Shrewsbury Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Shrewsbury Board of Education's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

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

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

November 19, 2010

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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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 04-04

K-2

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

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Shrewsbury 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 the Shrewsbury Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Shrewsbury School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Shrewsbury Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Shrewsbury Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Shrewsbury Board of Education, the New Jersey State Department of Education and other 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.

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

November 19, 2010

SCHEDULES OF FEDERAL AND STATE AWARDS

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Schedule A
K-3

Department of Education Project/Title	Federal C.F.D.A. Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance June 30, 2009	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2010 (Accounts Receivable)	Balance at June 30, 2010 Deferred Revenue	Balance at June 30, 2010 Due to Grantor
U.S. Department of Education:												
Passed Through State Department of Education:												
Special Revenue Fund:												
Title IIA	84.367A		$ 8,074	9/1/2009	8/31/2010	$ -		8,074	(8,074)			
Title IV	84.298		89	9/1/2009	8/31/2010			89	(89)			
IDEA Basic	84.027		116,915	9/1/2009	8/31/2010			77,427	(116,915)	(39,488)		
IDEA Basic-07-08	84.027		114,517	9/1/2007	8/31/2008			1,697				1,697
IDEA Basic-ARRA	84.391		108,955	9/1/2009	8/31/2011			11,000	(51,688)	(40,688)		
IDEA-Preschool-ARRA	84.392		3,944	9/1/2009	8/31/2011							
Title III	84.365A		648	9/1/2009	8/31/2010							
IDEA Preschool	84.173		5,446	9/1/2009	8/31/2010			5,446	(5,446)			
Total Special Revenue Fund						-	-	103,733	(182,212)	(80,176)	-	1,697
Total Federal Financial Assistance						$ -	-	103,733	(182,212)	(80,176)	-	1,697

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

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

Schedule B
K-4

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance June 30, 2009	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2010 (Accounts Receivable)	Balance at June 30, 2010 Deferred Revenue	Balance at June 30, 2010 Due to Grantor	MEMO Budgetary Receivable	MEMO Total Cumulative Expenditures
General Fund:														
Security Aid	10-495-034-5120-084	$ 23,739	7/1/2009	6/30/2010	$ -		23,739	(23,739)					(2,628)	23,739
Transportation Aid	10-495-034-5120-014	16,535	7/1/2009	6/30/2010			16,535	(16,535)					(1,833)	16,535
Special Education Aid	10-495-034-5120-089	278,701	7/1/2009	6/30/2010			278,701	(278,701)					(30,873)	278,701
Adjustment Aid	10-495-034-5120-085	29,424	7/1/2009	6/30/2010			29,424	(29,424)					(3,262)	29,424
Extraordinary Aid	10-495-034-5120-044	26,201	7/1/2009	6/30/2010				(26,201)		(26,201)				26,201
Non-Public Transportation	09-495-034-5120-014	6,252	7/1/2008	6/30/2009	(6,252)		6,252							
Non-Public Transportation	10-495-034-5120-014	2,114	7/1/2009	6/30/2010				(2,114)		(2,114)				2,114
On Behalf TPAF Pension Contr	10-495-034-5095-006	222,899	7/1/2009	6/30/2010			222,899	(222,899)						222,899
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	264,273	7/1/2009	6/30/2010			264,273	(264,273)						264,273
Total General Fund					(6,252)	-	841,823	(863,886)	-	(28,315)	-	-	(38,596)	863,886
Special Revenue Fund:														
Non-Public Textbooks	10-100-034-5120-064	2,279	7/1/2009	6/30/2010			2,279	(1,895)				384 *		1,895
Non-Public Textbooks	09-100-034-5120-064	1,430	7/1/2008	6/30/2009	376				(376)					
Non-Public Nursing	10-100-034-5120-070	2,702	7/1/2009	6/30/2010			2,702	(2,681)				21 *		2,681
Non-Public Nursing	09-100-034-5120-070	1,930	7/1/2008	6/30/2009	24				(24)					
Non-Public 193 Exam & Class	10-100-034-5120-066	1,645	7/1/2009	6/30/2010			1,645					1,645 *		
Corrective Speech	10-100-034-5120-066	2,511	7/1/2009	6/30/2010			2,511	(1,704)				807 *		1,704
Total Special Revenue Fund					400	-	9,137	(6,280)	(400)	-	-	2,857	-	6,280
Capital Projects Fund:														
Generator Grant FEC EDA	4770-050-09-1001	67,360	7/1/2009	6/30/2010				(57,186)		(57,186)				57,186
Total State Financial Assistance					$ (5,852)	-	850,960	(927,352)	(400)	(85,501)	-	2,857	(38,596)	927,352

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

BOARD OF EDUCATION

K-5

SHREWSBURY SCHOOL DISTRICT

NOTES TO SCHEDULES OF AWARDS OF FINANCIAL ASSISTANCE

JUNE 30, 2010

NOTE 1: General

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

NOTE 2: Basis of Accounting

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

NOTE 3: Relationship to General Purpose Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($5,617) for the general fund and $(0) for the special revenue fund. See Note 1 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 general purpose financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	$	863,886	863,336
Special Revenue Fund	182,212	6,280	188,492
Capital Projects Fund		57,186	57,186
Total Financial Assistance	$ 182,212	927,352	1,109,014

NOTE 4: Relationship to Federal and State Financial Reports

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

NOTE 5: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state of behalf of the District for the year ended June 30, 2010. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 1 - Summary of Auditor's Results

Financial Statement Section	**Unqualified**
Type of auditor's report issued:	
Internal control over financial reporting:	
1) Material weakness(es) identified?	____ Yes __x__ No
2) Reportable conditions(s) identified that are not considered to be material weaknesses?	____ Yes __x__ None Reported
Noncompliance material to general purpose financial statements noted?	____ Yes __x__ No

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 1 - Summary of Auditor's Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs:	$300,000	
Auditee qualified as low-risk auditee?	x Yes	No
Type of auditor's report issued on compliance for major programs:	Unqualified	
Internal Control over major programs:		
(1) Material Weakness(es) identified?	Yes	x No
(2) Reportable condition(s) identified that are not considered to material weaknesses?	Yes	x None Reported
Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04?	Yes	x No

Identification of major programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-089	Special Education Aid
10-495-034-5095-002	Reimbursed TPAF Social Security

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 2 - Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards.*

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs

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

FEDERAL AWARDS

Finding: NONE

Information on the Federal Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: NONE

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs (Continued)

STATE AWARDS (Continued)

Cause: N/A

Recommendation: N/A

Management's response: N/A

SHREWSBURY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prior Audit Findings:

None