COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE

SOUTH RIVER BOROUGH BOARD OF EDUCATION

15 Montgomery Street
South River, New Jersey 08882

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared by

Borough of South River Board of Education
Kenneth J. Kokoszka
Board Secretary/Business Administrator

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INTRODUCTORY SECTION

South River Board of Education

15 Montgomery Street, South River NJ 08882

Board of Education

Regis Wyluda.....President
Cynthia A. Urbanik.....Vice-President

Kelly Cruz
Tonya Duran
William S. England
Peggy Marino
Kevin J. Nielsen
Vera Silva-Adelino
Shenetta Turner-Smith

Mr. Michael J. Pfister
Superintendent

Kenneth J. Kokoszka, Ext. 227
Business Administrator/
Board Secretary
732-613-4000
Fax# 732-238-8415

November 24, 2010

Honorable President and Members
of the Board of Education
South River School District
South River, NJ 08882

Dear Board Members:

The comprehensive annual financial report of the South River School District (the "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 South River Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. 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 tables and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditors' report thereon. The statistical tables 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 Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditors' 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 District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The South River Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational as well as special education for disabled youngsters. The District completed the 2010 fiscal year with an enrollment of 2,343 students, which is 79 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last six years.

Average Daily Enrollment

Ending June 30,	Enrollment	Increase/(Decrease)
2010	2,343	3.5%
2009	2,264	2.1%
2008	2,217	2.6%
2007	2,161	1.6%
2006	2,126	(2.2%)
2005	2,174	4.5%

2. **ECONOMIC CONDITION AND OUTLOOK:** South River is a community that has little to no ratables to establish a firm tax base to support its education program. There is an attempt to revitalize the downtown district and there are several new housing developments that have been approved and will add not only to the tax base but, more importantly, to the educational costs. The town receives funds as a result of a shared Host Community Benefits program for the Edgeboro Landfill. Land available for additional industrial development is not plentiful.

3. **MAJOR INITIATIVES:** South River Public Schools have continued to provide Internet access parent link to every student in the District to enhance our ability to utilize distance learning activities with our students and their parents.

   Our scholastic aptitude tests continue to meet state averages, with the mean SAT writing score of 464 and the mean SAT math score of 459 and critical reading 464. Eighty-three percent (83%) of our 2010 graduates went on to further education; thirty-seven percent (37%) of them to four-year institutions.

   Moreover, we continue to attempt to maintain our class size at a reasonable level and have every student use technology as an educational tool.

   Finally, we continue to provide new programs or have enhanced our existing programs that tie into the State Contents Standards established by the New Jersey Department of Education and to assist in No Child Left Behind.

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

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

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

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. These amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds as explained in the "Notes to the Financial Statements", Note 2.

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

8. **DEBT ADMINISTRATION:** The District had outstanding debt as of June 30, 2010 of $12,417,000. The remaining annual maturity schedule for principal as well as annual interest payments are detailed in the "Notes to Financial Statements", Note 9.

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

10. **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Gerard Stankiewicz CPA of the accounting firm of Samuel Klein and Company, Certified Public Accountants, was selected by the Board's Finance Committee. 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 Federal OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

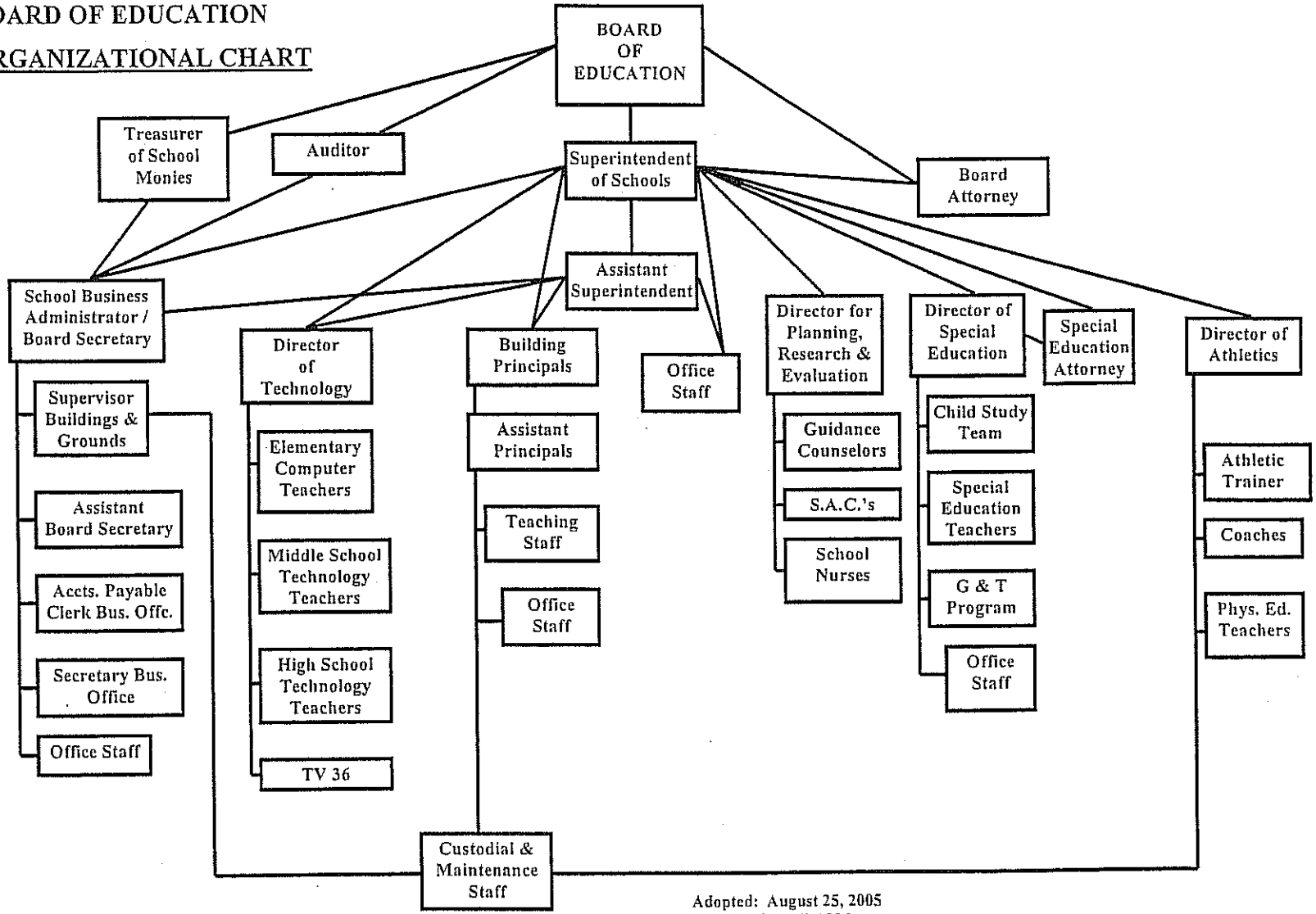
Respectfully submitted,

Kevin W. Kidney
Acting Superintendent of Schools

Kenneth J. Kokoszka
School Business Administrator/Board Secretary

SOUTH RIVER
BOARD OF EDUCATION

ORGANIZATIONAL CHART



Adopted: August 25, 2005
Revised: Oct. 17, 2006
Revised: Sept. 5, 2007
Revised: June 25, 2009
Revised: Aug. 26, 2010

SOUTH RIVER BOROUGH BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2010

Members of the Board of Education	Term Expires
Regis Wyluda, President	2011
Cynthia Urbanik, Vice President	2013
Kelly Cruz	2012
Tonya Duran	2012
William England	2011
Peggy Marino	2012
Kevin Nielsen.	2013
Vera Silva-Adelino	2013
Shenetta Turner-Smith	2011

Other Officials

Ronald C. Grygo, Superintendent of Schools (through August 31, 2010)

Michael Pfister, Superintendent of Schools
(appointed effective September 1, 2010, on leave effective November 9, 2010)

Kevin W. Kidney, Acting Superintendent of Schools (effective November 10, 2010)

Kenneth J. Kokoszka, Board Secretary/School Business Administrator

Wayne Kronowski, Treasurer

SOUTH RIVER BOROUGH BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

JUNE 30, 2010

AUDIT FIRM

Gerard Stankiewicz, CPA
of the firm
Samuel Klein and Company
36 West Main Street
Suite 301
Freehold, New Jersey 07728

ATTORNEY

Christopher Parton, Esq.
of the firm
Kenny, Gross, Kovats & Parton
130 Maple Avenue
Building 8
PO Box 8610
Red Bank, NJ 07701

OFFICIAL DEPOSITORIES

PNC Bank
55 Main Street
South River, New Jersey 08882

Bank of America
75 Main Street
South River, New Jersey 08882

Provident Bank
Jackson Street
South River, New Jersey 08882

FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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FAX (973) 624-6101

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of South River School District, County of Middlesex, State of New Jersey, as of and for the 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 Board of Education of the Borough of South River School District's management. Our responsibility is to express an opinion 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 opinions.

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 Board of Education of the Borough of South River School District, as of June 30, 2010, and the respective changes in financial position and cash flows where applicable for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2010, on our consideration of the Board of Education of the Borough of South River School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

The Management Discussion and Analysis and Budgetary Comparison Information on page 10 through 18 and 58 through 69 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Borough of South River School District Board of Education's basic financial statements. The accompanying introductory section, combining fund financial statements, financial schedules, long term debt schedules and statistical tables (section) information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and schedules listed in the table of contents 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 the relation to the basic financial statements taken as a whole. The introductory section, financial schedules and statistical tables (section) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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.

Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912

SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
November 24, 2010

REQUIRED SUPPLEMENTARY INFORMATION – PART I

South River Board of Education

15 Montgomery Street, South River NJ 08882

Board of Education

Regis Wyluda.....President
Cynthia A. Urbanik.....Vice-President

Kelly Cruz
Tonya Duran
William S. England
Peggy Marino
Kevin J. Nielsen
Vera Silva-Adelino
Shenetta Turner-Smith

Mr. Michael J. Pfister
Superintendent

Kenneth J. Kokoszka, Ext. 227
Business Administrator/
Board Secretary
732-613-4000
Fax# 732-238-8415

November 24, 2010

Honorable President and Members
of the Board of Education
South River School District
South River, NJ 08882

Dear Board Members:

Management's Discussion and Analysis

The discussion and analysis of South River School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

In total, net assets totaled $15,100,620, which represents a $25,401, or 1.67% decrease from 2009, which is attributed to a decrease in state aid and increase in expenditures. The overall increase is attributed in miscellaneous revenues and minimal increases in overall expenditures.

General revenues accounted for $27,553,164, or 89.73% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for $3,154,944, or 10.27% of total revenues of $30,708,107.

Total assets of governmental activities decreased by $641,817 as cash and cash equivalents decreased by $674,954, receivables increased by $33,944 and liabilities increased by $147,925.

The District had $30,733,509 in expenses; only $3,154,944 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and state aid) of $27,553,164 were adequate to provide for these programs.

Among major funds, the General Fund had $26,036,476 in revenues and $26,826,217 in expenditures. The General Fund's fund balance decreased $789,742 over 2009, which was caused by an increase in operating expenditures. The General Fund's fund balance is $825,484 inclusive of the Capital Reserve Fund balance of $64,211.

Using this Comprehensive Annual Financial Report (CAFR)

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 District, presenting both an aggregate view of the District's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the South River School District, the General Fund is by far the most significant.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

This document contains all funds used by the District to provide programs and activities, viewing the District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2010". The Statement of Net Assets and the Statement of activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because they report on whether the District's financial position has improved or diminished.

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

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

Business-Type 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 District's Most Significant Funds

Fund Financial Statement

The Analysis of the District's major funds begins on page 21. Fund financial reports provide detailed information about the District's major funds. The District's major governmental funds are the General Fund, Special Revenue Fund and Capital Projects Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of the funds and balances left at year-end available for spending in the future years. These funds are reported using a modified accrual accounting method, 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 District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship 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.

The District as a Whole

The Comparative Statement of Net Assets provides the financial perspective of the District as a whole.

Table 1 – Comparative Statement of Net Assets

	2010	2009
Assets		
Current and Other Assets	$ 3,014,458	$ 3,480,067
Capital Assets, Net	27,053,439	27,770,859
Total Assets, Net	$ 30,067,897	$ 31,250,926
Liabilities		
Long-Term Liabilities	$ 12,931,092	$ 14,353,858
Other Liabilities	2,036,185	1,771,047
Total Liabilities	$ 14,967,277	$ 16,124,905
Net Assets		
Invested in Capital Assets, Net of Debt	$ 14,636,439	$ 13,903,859
Restricted	64,211	1,380,109
Unrestricted	399,970	(157,947)
Total Net Assets	$ 15,100,620	$ 15,126,021

The District's combined net assets were $15,100,764 on June 30, 2010. This is a decrease of .17% from the previous year.

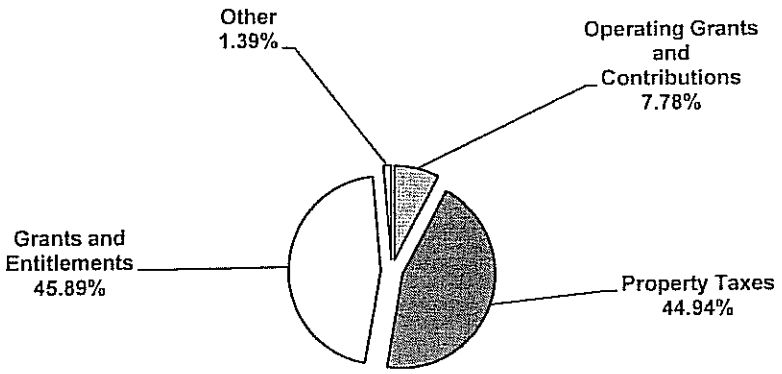
Table 2 – Comparative Statement of Changes in Net Assets

	2009-2010	2008-2009	Change Amount	Change Percent
Revenues:				
Program Revenues:				
Charges for Services	$ 420,478	$ 442,057	(21,579)	-4.88%
Operating Grants and Contributions	2,734,465	2,313,300	421,165	18.21%
General Revenues:				
Property Taxes	13,425,425	13,384,037	41,388	0.31%
Grants and Entitlements	13,711,598	13,019,525	692,073	5.32%
Other	416,140	655,009	(238,869)	-36.47%
Total Revenues	$ 30,708,106	$ 29,813,929	894,177	3.00%
Program Expense:				
Instruction	$ 16,419,953	$ 14,732,337	1,687,616	11.46%
Support Services:				
Pupils and Instructional Staff	4,037,049	3,831,309	205,740	5.37%
Tuition	1,324,093	1,450,886	(126,793)	-8.74%
General Administration	1,103,919	1,022,191	81,728	8.00%
School Administration	1,672,687	1,526,159	146,528	9.60%
Operation and Maintenance of Facilities	3,381,306	3,071,578	309,728	10.08%
Pupil Transtration	1,433,133	1,318,462	114,671	8.70%
Other Support Services		136,889	(136,889)	N/M
Debt Service	582,693	648,023	(65,330)	-10.08%
Food Service	778,674	766,623	12,051	1.57%
Total Expense	$ 30,733,507	$ 28,504,458	2,229,049	7.82%
Increase/(Decrease) in Net Assets	$ (25,401)	$ 1,309,471	(1,334,872)	-101.94%
Beginning Net Assets	15,126,021	13,816,551		
Ending Net Assets	$ 15,100,620	$ 15,126,021		

Governmental Activities

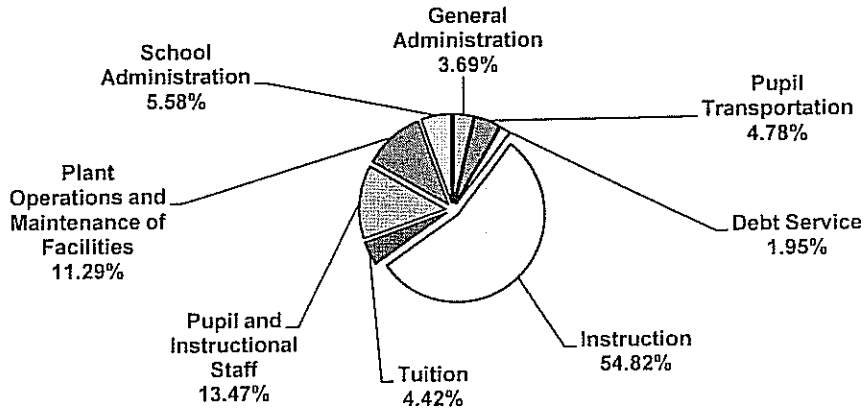
Revenue for Fiscal Year 2010

The total revenues of the governmental activities for the year ended June 30, 2010 were $29,876,384. Property taxes as approved by the voters of the Borough of South River made up $13,425,425 or 44.94% of revenues for governmental activities for the fiscal year 2010. Federal, state and local grants accounted for $13,711,598, another 45.89%.



Expenses for Fiscal Year 2010

The total cost of all programs and services was $29,954,834. Instruction comprises 54.82% of the District's expenses.



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 revenues exceeded expenses by $53,049. Charges for services represent $420,478 of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals including payments for free and reduced lunches and donated commodities was $411,245.

Governmental Activities

The Comparative Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3 – Comparative Statement of Activities

	Total Cost of Services			Net Cost of Services		
	2009-2010	2008-2009	% Change	2009-2010	2008-2009	% Change
Instruction	$ 16,419,953	$ 14,732,337	11.46%	$ 15,081,314	$ 13,722,900	9.90%
Support Services:						
Pupils and Instructional Staff	4,037,049	3,831,309	5.37%	3,573,996	3,374,394	5.92%
Tuition	1,324,093	1,450,886	-8.74%	1,324,093	1,450,886	-8.74%
General Administration	1,103,919	1,022,192	8.00%	1,103,919	1,022,192	8.00%
School Administration	1,672,687	1,526,159	9.60%	1,672,687	1,526,159	9.60%
Operations & Maintenance of Facilities	3,381,306	3,071,578	10.08%	3,381,306	3,071,578	10.08%
Pupil Transportation	1,433,134	1,318,462	8.70%	1,433,134	1,318,462	8.70%
Other Support Services		136,889	N/M		136,889	N/M
Debt Service	582,693	648,023	-10.08%	61,165	140,247	-56.39%
Total Expenses	$ 29,954,834	$ 27,737,835		$ 27,631,614	$ 25,763,707	

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

Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership.

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.

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

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

The District's Funds

Information about the District's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. All governmental funds, except for capital projects, had total revenues of $29,876,384 and expenditures of $30,666,270.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a comparative summary of the revenues of the governmental funds exclusive of the capital projects fund for the fiscal year ended June 30, 2010, and the amount of increases and decreases in relation to prior year revenues.

Comparative Summary of Revenues

Revenue	2009-2010 Amount	2009-2010 Percent of Total	2008-2009 Amount	2008-2009 Percent of Total	Increase/ (Decrease) from 2008-2009 to 2009-2010
Local Sources	$ 13,847,613	46.35%	$ 14,026,172	48.33%	$ (178,559)
State Sources	12,555,940	42.03%	13,827,612	47.65%	(1,271,672)
Federal Sources	3,472,831	11.62%	1,165,542	4.02%	2,307,289
	$ 29,876,384	100.00%	$ 29,019,326	100.00%	$ 857,058

The decrease in Local Sources is attributed to a significant decrease in miscellaneous income.

The decrease in State Sources is attributed to a decrease in general fund state aid.

The increase in Federal Sources is caused by the fact that additional funding provided by ARRA was used to offset the decrease in state aid, supplement Title I and IDEA.

The following schedule presents a comparative summary of governmental fund expenditures for the fiscal year ended June 30, 2010, and the amount of increases and decreases in relation to prior year expenditures.

Comparative Summary of Expenditures

Expenditures	2009-2010 Amount	2009-2010 Percent of Total	2008-2009 Amount	2008-2009 Percent of Total	Increase/ (Decrease) from 2008-2009 to 2009-2010
Instruction	$ 12,357,323	40.30%	$ 11,153,354	39.23%	$ 1,203,969
Undistributed Expenditures	16,096,954	52.49%	15,077,136	53.03%	1,019,818
Capital Outlay	173,633	0.57%	215,302	0.76%	(41,669)
Debt Service	2,038,360	6.65%	1,983,220	6.98%	55,140
	$ 30,666,270	100.00%	$ 28,429,012	100.00%	$ 2,237,258

The increase in Current – Instruction is attributed to the increased costs of salaries for teachers and the increased costs of other instructional programs and supplies.

The increase in Undistributed Expenditures relates to increases in special education tuition and health benefits and other employee benefits.

The increase in capital outlay is primarily due to a budgeted increase from the prior year.

General Fund Budgeting Highlights

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.

During the course of the fiscal year 2010, the District amended its general fund budget as needed. The District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administrator, Superintendent and Board of Education. Transfers were necessitated during the year were not significant in consideration of specific line items; however, a provision for unemployment was made for pending reduction of staff and retirement sick pay.

While the District final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year shows a surplus decrease of $789,742 caused primarily by an increase in revenues.

At the end of the fiscal year 2010, the District had $39,269,443 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2010 balances compared to 2009.

Table 4 - Capital Assets at June 30
(Net of Accumulated Depreciation)

	2010	2009
Buildings	$ 24,761,485	$ 25,386,708
Site Improvements	764,904	1,787,723
Machinery and Equipment	437,970	502,088
Totals	$ 25,964,359	$ 27,676,519

Overall capital assets decreased from fiscal year 2009 to fiscal year 2010. Decreases in capital assets (primarily buildings and improvements, machinery and equipment) were attributable to depreciation expense in excess of the acquisition of new assets.

For the Future

The District is sufficiently funded to meet the educational and capital requirements. Over the past few years, the District has repeated the practice of designating fund balance to offset tax increases in spite of reduction of state aid. In the past, this has been a viable option to soften the burden of reduced state aid revenue.

The primary concern the District faces is the Borough of South River's inability to increase the tax base. The town is primarily residential with very few commercial ratables; thus the burden of taxes levied by the District falls squarely on the homeowners.

The Borough's tax base remains relatively flat and in light of the fact the town is at full build (which means there is no space available for future development which would increase the ratable base), the probability of significant tax increase on the average homeowner next year is very likely. Additionally, the cost of two major bond issues $18.9 million in 1996 and $6.1 million in 2003, cost the District nearly $2 million per year for debt service.

In closing, the District's Board of Education practices long term financial planning. The District is proud of its system for budgeting and internal financial controls. Moreover, the Administration is determined to address the educational needs of the students while delivering a responsible budget to the taxpayers.

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 District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, you may contact Kenneth J. Kokoszka, School Business Administrator/Board Secretary at the South River Board of Education, 15 Montgomery Street, South River, NJ 08882.

Respectfully submitted,

Kevin W. Kidney
Acting Superintendent of Schools

Kenneth J. Kokoszka
Board Secretary/School Business Administrator

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 2,006,633.32	$ 195,259.70	$ 2,201,893.02
Receivables - Net	672,130.80	31,643.28	703,774.08
Inventory		1,658.73	1,658.73
Restricted Assets:			
Capital Reserve Account	64,210.92		64,210.92
Deferred Bond Issuance Costs, Net	42,920.85		42,920.85
Capital Assets, Net	26,964,359.64	89,079.39	27,053,439.03
Total Assets	$ 29,750,255.53	$ 317,641.10	$ 30,067,896.63
LIABILITIES			
Accounts Payable	$ 1,586,539.65	$ 72,686.82	$ 1,659,226.47
Interfund Payable	151,549.40		151,549.40
Accrued Health Benefits	156,981.00		156,981.00
Intergovernmental Accounts Payable	15,145.30		15,145.30
Deferred Revenue	7,419.77		7,419.77
Accrued Interest on Long - Term Debt	45,863.33		45,863.33
Noncurrent Liabilities:			
Due Within One Year	1,525,704.58		1,525,704.58
Due Beyond One Year	11,405,386.98		11,405,386.98
Total Liabilities	$ 14,894,590.01	$ 72,686.82	$ 14,967,276.83
NET ASSETS			
Invested in Capital Assets - Net of Related Debt	$ 14,547,359.64	$ 89,079.39	$ 14,636,439.03
Restricted for:			
Capital Projects	64,210.92		64,210.92
Other Purposes			
Unrestricted	244,094.96	155,874.89	399,969.85
Total Net Assets	$ 14,855,665.52	$ 244,954.28	$ 15,100,619.80

See accompanying notes to financial statements.

Exhibit A-2

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities:						
Instruction:						
Regular	$ 12,268,142.00		$ 1,338,639.04	$ (10,929,502.96)		$ (10,929,502.96)
Special Education	2,625,934.10			(2,625,934.10)		(2,625,934.10)
Other Special Instruction	693,287.84			(693,287.84)		(693,287.84)
Other Instruction	832,589.13			(832,589.13)		(832,589.13)
Support Services:						
Tuition	1,324,093.12			(1,324,093.12)		(1,324,093.12)
Student and Instruction Related Services	4,037,049.07		463,053.18	(3,573,995.89)		(3,573,995.89)
General Administrative Services	1,103,918.97			(1,103,918.97)		(1,103,918.97)
School Administrative Services	1,672,687.28			(1,672,687.28)		(1,672,687.28)
Plant Operations and Maintenance	3,381,305.71			(3,381,305.71)		(3,381,305.71)
Pupil Transportation	1,433,133.84			(1,433,133.84)		(1,433,133.84)
Interest on Long Term Debt	582,693.33		521,528.00	(61,165.33)		(61,165.33)
Total Governmental Activities	$ 29,954,834.39		$ 2,323,220.22	$ (27,631,614.17)		$ (27,631,614.17)
Business-Type Activities:						
Food Service	$ 778,674.41	$ 420,478.45	$ 411,244.92		$ 53,048.96	$ 53,048.96
Total Business -Type Activities	$ 778,674.41	$ 420,478.45	$ 411,244.92		$ 53,048.96	$ 53,048.96
Total Primary Government	$ 30,733,508.80	$ 420,478.45	$ 2,734,465.14	$ (27,631,614.17)	$ 53,048.96	$ (27,578,565.21)
General Revenues						
Taxes:						
General Purposes				$ 11,908,593.00		$ 11,908,593.00
Debt Service				1,516,832.00		1,516,832.00
Federal and State Aid Not Restricted				13,711,598.46		13,711,598.46
Tuition Received				34,640.34		34,640.34
Investment Earnings				19,670.42		19,670.42
Miscellaneous Income				361,829.57		361,829.57
				$ 27,553,163.79		$ 27,553,163.79
Change Increase in Net Assets				$ (78,450.38)	$ 53,048.96	$ (25,401.42)
Net Assets - Beginning				$ 14,934,115.90	$ 191,905.32	$ 15,126,021.22
Net Assets - Ending				$ 14,855,665.52	$ 244,954.28	$ 15,100,619.80

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS

Exhibit B-1

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 1,973,298.74	$ 33,334.58		$ 2,006,633.32
Intergovernmental Accounts Receivable	315,779.99	306,539.85		622,319.84
Accounts Receivable	49,737.46			49,737.46
Interfunds Receivable	73.50			73.50
Restricted Cash and Cash Equivalents	64,210.92			64,210.92
Total Assets	$ 2,403,100.61	$ 339,874.43		$ 2,742,975.04
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	$ 1,262,125.74	$ 324,413.91		$ 1,586,539.65
Accrued Health Benefits	156,981.00			156,981.00
Interfunds Payable	151,549.40			151,549.40
Intergovernmental Accounts Payable		15,145.30		15,145.30
Deferred Revenue	7,104.55	315.22		7,419.77
Total Liabilities	$ 1,577,760.69	$ 339,874.43		$ 1,917,635.12
Fund Balances:				
Reserved for:				
Capital Reserve Account	$ 64,210.92			$ 64,210.92
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures	697,215.81			697,215.81
Unreserved :				
Unreserved - Designated for Subsequent Year's Expenditures	63,913.19			63,913.19
Total Fund Balances	$ 825,339.92			$ 825,339.92
Total Liabilities and Fund Balance	$ 2,403,100.61	$ 339,874.43		$ 2,742,975.04

Total Fund Balance above	$ 825,339.92
Amounts reported for *governmental activities* in the Statement of Net Assets (A-1) are different because:	
The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets. The bond issuance costs are $96,757.58 and the accumulated amortization is $53,836.73 (see Note 6).	42,920.85
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is $39,269,443.33 and the accumulated depreciation is $12,305,083.69 (see Note 8).	26,964,359.64
Long-term liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (see Note 9).	(12,931,091.56)
Certain liabilities are not due and payable in the current period, and therefore, are not reported in funds:	
Accrued Interest Payable (Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance.)	(45,863.33)
Net assets of governmental activities (A-1)	$ 14,855,665.52

Exhibit B-2

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Debt Service Fund	Total Government Funds
Revenues				
Local sources:				
Local tax levy	$ 11,908,593.00		$ 1,516,832.00	$ 13,425,425.00
Tuition	34,640.34			34,640.34
Miscellaneous	381,499.99	$ 6,047.47		387,547.46
Total - Local Sources	$ 12,324,733.33	$ 6,047.47	$ 1,516,832.00	$ 13,847,612.80
State Sources	11,808,365.03	226,046.70	521,528.00	12,555,939.73
Federal Sources	1,903,233.43	1,569,598.05		3,472,831.48
Total Revenues	$ 26,036,331.79	$ 1,801,692.22	$ 2,038,360.00	$ 29,876,384.01
Expenditures				
Current:				
Regular Instruction	$ 7,961,359.77	$ 1,338,639.04		$ 9,299,998.81
Special Education Instruction	1,933,693.88			1,933,693.88
Other Special Instruction	510,525.55			510,525.55
Other Instruction	613,104.69			613,104.69
Support Services and Undistributed Costs:				
Tuition	1,324,093.12			1,324,093.12
Student and Instruction Related Services	2,669,109.99	379,000.54		3,048,110.53
Other Administrative Services	812,907.43			812,907.43
School Administrative Services	1,231,738.89			1,231,738.89
Plant Operations and Maintenance	2,489,936.88			2,489,936.88
Pupil Transportation	1,055,335.75			1,055,335.75
Employee Benefits	6,058,426.40	76,404.64		6,134,831.04
Debt Service:				
Principal			$ 1,450,000.00	1,450,000.00
Interest			588,360.00	588,360.00
Capital Outlay	165,985.14	7,648.00		173,633.14
Total Expenditures	$ 26,826,217.49	$ 1,801,692.22	$ 2,038,360.00	$ 30,666,269.71
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	$ (789,885.70)			$ (789,885.70)
Other Financing Sources/(Uses):				
Transfers In/(Out)				
Total Other Financing Sources/(Uses)				
Net Change in Fund Balances	$ (789,885.70)			$ (789,885.70)
Fund Balance (Deficit) July 1	1,615,225.62			1,615,225.62
Fund Balance (Deficit) June 30	$ 825,339.92			$ 825,339.92

Exhibit B-3

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds		$ (789,885.70)
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 depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital outlays	$ 173,633.14	
Depreciation expense	(885,792.91)	(712,159.77)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		1,450,000.00
Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds - Amortization		(4,837.88)
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. When the accrued interest is decreased, the difference is a reduction in the reconciliation.		5,666.67
In the statement of activities, certain operating expenses, e.g. compensated absences (sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		(27,233.70)
Change in Net Assets of Governmental Activities		$ (78,450.38)

PROPRIETARY FUNDS

Exhibit B-4

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-Type Activities Enterprise Funds
	Food Service Total Enterprise
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 195,259.70
Accounts Receivable:	
State Sources	1,475.48
Federal Sources	30,020.85
Other Sources	146.95
Inventories	1,658.73
Total Current Assets	$ 228,561.71
Noncurrent Assets:	
Furniture, Machinery and Equipment	$ 339,081.46
Less: Accumulated Depreciation	250,002.07
Total Noncurrent Assets	$ 89,079.39
Total Assets	$ 317,641.10
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 72,686.82
Total Current Liabilities	$ 72,686.82
Total Liabilities	$ 72,686.82
NET ASSETS	
Invested in Capital Assets Net of Related Debt	$ 89,079.39
Unrestricted	155,874.89
Total Net Assets	$ 244,954.28

Exhibit B-5

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-Type Activities Enterprise Funds
	Food Service Total Enterprise
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School lunch, breakfast and milk program	$ 419,469.40
Daily Sales - Nonreimbursable Programs	1,009.05
Total Operating Revenues	$ 420,478.45
Operating Expenses:	
Cost of sales	$ 318,741.24
Salaries	222,833.69
Employee benefits	30,354.34
Insurance	48,235.86
General supplies	31,664.62
Management fee and Administrative Fee	58,439.39
Cleaning, repairs and other expenses	50,950.08
Depreciation	17,455.19
Total Operating Expenses	$ 778,674.41
Operating Income (Loss)	$ (358,195.96)
Nonoperating Revenues:	
State Sources:	
State school lunch program	$ 16,331.20
State school breakfast program	1,417.50
Federal Sources:	
National school lunch program	336,334.72
School breakfast program	20,428.28
Food distribution program	36,733.22
Total Nonoperating Revenues	$ 411,244.92
Income (Loss) before Contributions and Transfers	$ 53,048.96
Change in Net Assets	$ 53,048.96
Total Net Assets - Beginning	$ 191,905.32
Total Net Assets - Ending	$ 244,954.28

Exhibit B-6

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business Type Activities Enterprise Funds
	Food Service Total Enterprise
Cash Flows from Operating Activities	
Receipts from Customers	$ 431,115.86
Payments to Employees	(222,833.69)
Payments for Employee Benefit	(30,354.34)
Payments to Suppliers	(457,521.41)
Net Cash Provided by/(Used for) Operating Activities	$ (279,593.58)
Cash Flows from Noncapital Financing Activities	
State Sources	$ 19,597.88
Federal Sources	389,042.98
Net Cash Provided by/(Used for) Noncapital Financing Activities	$ 408,640.86
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	$ (12,194.57)
Net Cash Provided by/(Used for) Noncapital Financing Activities	$ (12,194.57)
Net Increase/(Decrease) in Cash and Cash Equivalents	$ 116,852.71
Balances - Beginning of Year	78,406.99
Balances - End of Year	$ 195,259.70
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Operating Income/(Loss)	$ (358,195.96)
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:	
Depreciation	$ 17,455.19
Federal Commodities	36,733.22
Change in Assets and Liabilities:	
Decrease in Accounts Receivable	10,784.31
(Increase) Other Sources Receivable	(146.95)
Decrease in Inventory	423.11
Increase in Accounts Payable	13,353.50
Total Adjustments	$ 78,602.38
Net Cash Provided/(Used) by Operating Activities	$ (279,593.58)

FIDUCIARY FUNDS

Exhibit B-7

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Trust		Agency Fund	
	Unemployment Compensation	Private Purpose Scholarship Fund	Student Activity	Payroll
ASSETS				
Cash and Cash Equivalents	$ 200,071.04	$ 52,943.55	$ 111,721.00	$ 43,434.75
Investments				
Accounts Receivable - Other	9,222.92			
Board Contribution	100,000.00			51,549.40
Total Assets	$ 309,293.96	$ 52,943.55	$ 111,721.00	$ 94,984.15
LIABILITIES				
Accounts Payable	$ 616.11			
Payable to Student Groups			$ 111,721.00	
Payroll Deductions and Withholdings				$ 94,910.65
Interfund Payable - General Fund				73.50
Total Liabilities	$ 616.11		$ 111,721.00	$ 94,984.15
NET ASSETS				
Held in Trust for Unemployment Claims and Other Purposes	$ 308,677.85			
Reserved for Scholarships		$ 52,943.55		
Total Net Assets	$ 308,677.85	$ 52,943.55		

Exhibit B-8

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Trust	Agency
	Unemployment Compensation Trust	Private Purposes - Scholarship Fund
Additions		
Contributions:		
Plan Members	$ 25,489.14	
Other	100,000.00	
Total Contributions	$ 125,489.14	0.00
Investment Earnings:		
Increase in Fair Value of Investment		$ 2,982.56
Interest	$ 708.39	1,287.91
Net Investment Earnings	$ 708.39	$ 4,270.47
Total Additions	$ 126,197.53	$ 4,270.47
Deductions		
Unemployment Claims	$ 31,626.08	
Scholarships Awarded		$ 2,850.00
Other		1,812.45
Total Deductions	$ 31,626.08	$ 4,662.45
Change in Net Assets Increase	$ 94,571.45	$ (391.98)
Net Assets - Beginning of the Year	214,106.40	53,435.53
Net Assets - End of the Year	$ 308,677.85	$ 53,043.55

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The South River Borough School District (the "District") is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-12. The District had an approximate enrollment at June 30, 2010 of 2,343 students.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

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

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

B. Fund Accounting

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

1. Governmental Funds

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

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America (GAAP) as they pertain to governmental entities state that

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)
General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund – The Special Revenue Find is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. This fund is not applicable in this fiscal year.

2. Proprietary Fund Type

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

Enterprise Fund – The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

2. Proprietary Fund Type (Continued)

Enterprise Fund (Continued)

The District's Enterprise Fund is comprised of the Food Service Fund.

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

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

3. Fiduciary Funds

Trust and Agency Funds – The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Private Purpose Scholarship Funds

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund and five (5) scholarship funds.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District presently has two (2) scholarship fund assets that can be deemed as nonexpendable Trust Fund types.

Agency Funds – 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. Agency Funds include payroll and student activities funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

4. Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt, not in the governmental funds. This includes the outstanding principal balance on capital leases.

C. Measurement Focus

1. Government-Wide Financial Statements

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

2. Fund Financial Statements

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

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

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

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

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C. 6A:23A-2.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

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

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules.	$ 26,104,277.79	$ 1,801,692.22
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2009	None	None
June 30, 2010	None	None
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,160,633.00	None
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(1,228,579.00)	None
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	$ 26,036,331.79	$ 1,801,692.22
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	$ 26,826,217.49	$ 1,801,692.22
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 supplies are received for financial reporting purposes.		
June 30, 2009	None	None
June 30, 2010	None	None
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	$ 26,826,217.49	$ 1,801,692.22

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit 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.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

2. Inventories and Prepaid Expenses

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

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

3. Allowance for Uncollectible Accounts

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

4. 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.

5. Tuition Payable

Tuition charges for the fiscal years 2008-09 and 2009-10 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. Short-Term Interfund Receivables/Payables

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

7. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of $2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

7. Capital Assets (Continued)

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

Asset Class	Estimated Lives
School Buildings	50 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	8 years
Office and Computer Equipment	5-10 years
Instructional Equipment	10 years
Grounds Equipment	15 years
Food Service Equipment	7-20 years

8. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

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

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

9. Accrued Liabilities and Long-Term Obligations

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

9. Accrued Liabilities and Long-Term Obligations (Continued)

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

10. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

11. Deferred Revenue

Deferred revenue in the special revenue fund represents federal and state grants that have been received but not yet earned.

12. Fund Equity

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

13. Fund Balance Reserves

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

14. Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund, (the Food Service) are charges to customers for sales of food service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

14. Proprietary Funds Revenues and Expenses (Continued)

Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

15. Non-Monetary Transactions

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

16. Allocation of Expenses

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

17. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less. Cash equivalents are defined as sort-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition.

Investments are stated at fair value, which is in excess of cost value. The District classifies securities that have original maturity date of more than three months from the date of purchase as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

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

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

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

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

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

Investments

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

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

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2010, the District had $186,988.22 on deposit with the New Jersey Cash Management Fund.

Allocation of Cash and Cash Equivalents:

Unrestricted	$	2,287,166.89
Restricted		634,357.30
	$	2,921,524.19

As of June 30, 2010, cash, cash equivalents and investment of all funds of the District consisted of the following:

	Cash and Cash Equivalents	
Cash and Cash Equivalents:		
Checking Accounts, interest bearing	$	2,703,147.41
Money Market Funds & Certificates of Deposit		31,388.51
New Jersey Cash Management Fund (NJCMF)		186,988.27
	$	2,921,524.19
Reconciliation:		
Governmental Funds	$	2,156,118.11
Proprietary Funds		195,259.70
Fiduciary Funds		570,146.38
	$	2,921,524.19
Investment - Fiduciary - Restricted		
U.S. Treasury Note (Face Value $16,000.00)	$	21,555.04

Risk Analysis – All of the balances were covered by either federal depository insurance or Government Unit Deposit Protection Act ("GUDPA") and are considered to have minimal custodial risk. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have concentration of credit risk.

4. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by Board Resolution and Budget Appropriation in a prior year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The combined Capital Reserve Account balance at June 30, 2010 is $64,210.92 and is reflected in the General Fund.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Board Contributions:		
Prior to June 30, 2009	$ 127,085.26	
During fiscal year ended June 30, 2010	None	$ 127,085.26
Interest Earnings:		
Prior to June 20, 2009	$ 1,227.03	
During the fiscal year ended June 30, 2010	360.63	1,587.66
Withdrawals:		
Prior to June 30, 2009	$ 27,500.00	
During the fiscal year ended June 30, 2010	36,962.00	64,462.00
Balance at June 30, 2010		$ 64,210.92

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.* 19:60-2. Pursuant to *N.J.A.C.* 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2010 consisted of Federal sources, State sources and State aid. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Activities	Business Type Activities
General Fund:		
State Aid:		
Extraordinary Aid	$ 223,169.00	
Non-Public Transportation - Cost Reimbursement	15,795.00	
Federal Aid - Semi Medical	18,007.99	
NJSDA	57,808.00	
Other	1,000.00	
	$ 315,779.99	
Special Revenue Fund:		
Federal:		
Adult Basic Education	$ 2,540.71	
Title I	119,202.60	
Title I - School Improvement	13,184.60	
ARRA Title I	33,790.55	
Title II-A	19,060.30	
Title II-D	679.12	
Title III	16,798.22	
Title IV	8,586.72	
IDEA Basic	52,240.73	
IDEA Pre-School	977.00	
IDEA SESAS	3,655.58	
IDEA SES	237.50	
ARRA IDEA Basic	35,586.22	
	$ 306,539.85	
	$ 622,319.84	
Proprietary Fund:		
Enterprise Fund		
State Sources:		
Breakfast		$ 135.50
Lunch		1,339.98
		$ 1,475.48
Federal Sources:		
Breakfast		$ 1,973.86
Lunch		28,046.99
		$ 30,020.85

6. DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds. The costs associated with the issues of the various bonds amounted to $96,757.58 and accumulated amortization through June 30, 2010 is $53,836.73, resulting in a net book value of $42,920.85. The amortization expense for the fiscal year ended June 30, 2010, amounted to $4,837.88.

7. INVENTORY

The value of Federal donated commodities as reflected on Schedule A of $36,733.22 (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. For the year ended June 30, 2010, the federal donated commodities food inventory of $775.03 was included in the year end food and supplies amount of $1,685.73.

8. CAPITAL ASSETS, NET

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2010:

	Beginning Balance	Additions	Transfers (Retirements)	Ending Balance
Governmental Activities:				
Capital assets being depreciated:				
Site and Site Improvements	$ 2,681,924.73	$ 112,669.15		$ 2,794,593.88
Building and Building Improvements	33,317,227.38	41,127.00		33,358,354.38
Machinery and Equipment	2,997,160.43	19,836.99		3,016,997.42
Vehicles	99,497.65			99,497.65
Totals at historical cost	$ 39,095,810.19	$ 173,633.14		$ 39,269,443.33
Less accumulated depreciation for:				
Site and Site Improvements	$ (894,201.63)	(135,488.16)		$ (1,029,689.79)
Building and Building Improvements	(7,930,518.97)	(666,350.07)		(8,596,869.04)
Machinery and Equipment	(2,549,594.30)	(75,432.22)		(2,625,026.52)
Vehicles	(44,975.88)	$ (8,522.46)		(53,498.34)
Total accumulated depreciation	$ (11,419,290.78)	$ (885,792.91)		$ (12,305,083.69)
Total capital assets being depreciated, net of accumulated depreciation	$ 27,676,519.41	$ (712,159.77)		$ 26,964,359.64
Governmental activities capital assets, net	$ 27,676,519.41	$ (712,159.77)		$ 26,964,359.64
Business-Type Activities:				
Furniture, machinery and equipment	$ 326,886.89	$ 12,194.57		$ 339,081.46
Totals at historical cost	$ 326,886.89	$ 12,194.57		$ 339,081.46
Less accumulated depreciation for:				
Furniture, machinery and equipment	$ (232,546.88)	$ (17,455.19)		$ (250,002.07)
Total accumulated depreciation	$ (232,546.88)	$ (17,455.19)		$ (250,002.07)
Business type activities capital assets, net	$ 94,340.01	$ (5,260.62)		$ 89,079.39

8. CAPITAL ASSETS (CONTINUED)

Detail of Governmental Activities Fund Additions:

General Fund	$ 165,985.14
Special Revenue Fund	7,648.00
	$ 173,633.14

Depreciation expense was charged to functions as follows:

Regular Instruction	$ 392,366.50
Special Education Instruction	81,582.45
Other Special Instruction	21,539.05
Other	25,866.86
Support Services and Undistributed Cost:	
Student and Instruction Related Services	128,599.64
School Administrative Services	34,296.53
General and Business Administrative Services	51,967.00
Plant Operations and Maintenance	105,050.32
Pupil Transportation	44,524.56
	$ 885,792.91

9. LONG-TERM DEBT

During the fiscal year ended June 30, 2010 the following changes occurred in liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One year	Long-Term Portion
Governmental Activities						
Bonds Payable:						
General Obligation Debt	$ 13,867,000.00		$ 1,450,000.00	$ 12,417,000.00	$ 1,500,000.00	$ 10,917,000.00
Other Liabilities:						
Compensated Absences Payable	$ 486,857.86	$ 211,414.82	$ 184,180.72	$ 514,091.96	$ 25,704.58	$ 488,386.98
Total Governmental Activities	$ 14,353,857.86	$ 211,414.82	$ 1,634,180.72	$ 12,931,091.96	$ 1,525,704.58	$ 11,405,386.98

9. LONG-TERM DEBT (CONTINUED)

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality (ies) through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2010, the District had the following serial bonds outstanding.

General Serial Bonds:	
$18,959,000 General Obligation Bonds, Series 1995 - Annual remaining maturities of $1,200,000.00 to $1,300,000.00 through December 1, 2015 at an interest rate of 5.00%. The Bonds are not subject to redemption prior to maturity.	$ 7,634,000.00
$6,183,000.00 General Obligation Bonds, Series 2003 - Annual remaining maturities of $250,000.00 to $458,000.00 through June 1, 2023 at interest rates ranging from 3.20% to 4.00%. The bonds are subject to redemption prior to maturity.	4,783,000.00
	$ 12,417,000.00

School District Bonds, Series 2003 – On June 1, 2003, the District sold General Obligation Bonds totaling $6,183,000.00 for a portion of the total cost of a new primary school (K-2).

The Bonds bear interest at various rates per annum payable semi-annually on the first day of December and June of each year, until maturity. While the Depository Trust Company ("DTC") is acting as securities depository for the Bonds, principal of and interest on the Bonds will be payable to DTC or its nominee, which is obligated to remit such principal and interest to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such payments to the Beneficial Owners of the Bonds.

The Bonds maturing prior to June 1, 2014 are not subject to redemption prior to maturity. The Bonds maturing on or after June 1, 2014 are subject to redemption prior to maturity at the option of the Board, in whole at any time or in part on any interest payment date on or after June 1, 2013, in inverse order of their maturity and by lot within a maturity if less than all of the Bonds of such maturity are to be redeemed, upon notice of redemption given by the Board by first class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address shown on the registration books of the Board not less than thirty (30) days nor more than sixty (60) days prior to the redemption date; provided, however, that failure to mail or to receive such notice, or any defect therein, shall not affect the validity of the proceedings for redemption. The Bonds subject to redemption shall be redeemed at 100% of the principal amount thereof plus accrued interest to the date fixed for redemption.

9. LONG-TERM DEBT (CONTINUED)

A. Bonds Payable (Continued)

School District Bonds, Series 2003 (Continued)

If notice of redemption has been given by mail, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

School District Bonds, Series 1995 - On December 1, 1995, the District sold General Obligation Bonds totaling $18,959,000.00 for the purpose of constructing a new elementary school for the kindergarten through eighth grade students.

The Bonds bear interest at 5% per annum payable semi-annually on the first day of December and June of each year, until maturity. While the Depository Trust Company ("DTC") is acting as securities depository for the Bonds, principal of and interest on the Bonds will be payable to DTC or its nominee, which is obligated to remit such principal and interest to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such payments to the Beneficial Owners of the Bonds.

The Bonds are not subject to redemption prior to maturity.

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. This requirement is effective for the fiscal years ended June 30, 1996 and thereafter. To date, this requirement has been complied with.

9. LONG-TERM DEBT (CONTINUED)

A. Bonds Payable (Continued)

Principal and interest due on serial bonds outstanding is as follows:

	School District Bonds, Series 1995			School District Bonds, Series 2003			Total
Year	Principal	Interest	Total	Principal	Interest	Total	Debt Service
2011	$ 1,250,000.00	$ 350,450.00	$ 1,600,450.00	$ 250,000.00	$ 168,660.00	$ 418,660.00	$ 2,019,110.00
2012	1,250,000.00	287,950.00	1,537,950.00	280,000.00	160,660.00	440,660.00	1,978,610.00
2013	1,300,000.00	224,200.00	1,524,200.00	300,000.00	151,700.00	451,700.00	1,975,900.00
2014	1,300,000.00	159,200.00	1,459,200.00	320,000.00	142,100.00	462,100.00	1,921,300.00
2015	1,300,000.00	94,200.00	1,394,200.00	350,000.00	131,860.00	481,860.00	1,876,060.00
	6,400,000.00	1,116,000.00	7,516,000.00	1,500,000.00	754,980.00	2,254,980.00	9,770,980.00
2016	1,234,000.00	30,850.00	1,264,850.00	360,000.00	120,485.00	480,485.00	1,745,335.00
2017				380,000.00	108,605.00	488,605.00	488,605.00
2018				400,000.00	95,780.00	495,780.00	495,780.00
2019				400,000.00	81,980.00	481,980.00	481,980.00
2020				420,000.00	67,380.00	487,380.00	487,380.00
	1,234,000.00	30,850.00	1,264,850.00	1,960,000.00	474,230.00	2,434,230.00	3,699,080.00
2021				425,000.00	51,630.00	476,630.00	476,630.00
2022				440,000.00	35,480.00	475,480.00	475,480.00
2023				458,000.00	18,320.00	476,320.00	476,320.00
				1,323,000.00	105,430.00	1,428,430.00	1,428,430.00
	$ 7,634,000.00	$ 1,146,850.00	$ 8,780,850.00	$ 4,783,000.00	$ 1,334,640.00	$ 6,117,640.00	$ 14,898,490.00

B. Bonds and Notes Authorized But Not Issued

As of June 30, 2010, the Board had no Bonds and Notes authorized but not issued.

C. Subsequent Event

On October 28, 2010, the Board authorized a referendum of the Borough's voters for the purpose of seeking approval to offset financing improvements to the high school. The referendum is scheduled for December 14, 2010 and seeks to authorize debt to finance the project which in total costs are $14,192,403; however, $7,187,403 will be funded by a state grant and $7,005,000 will be the local share.

10. PENSION PLANS

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

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 1/55th of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

10. PENSION PLANS (CONTINUED)

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

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

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost: Normal	Annual Pension Cost: Accrued	NCGI	Less Credits	Net Cost to District	Percentage of APC Contributed
June 30, 2010	$ 58,381	$ 75,013	$ 18,499	None	$ 151,893	100%
June 30, 2009	48,681	56,305	13,050	None	118,036	100%
June 30, 2008	60,735	46,805	None	$ 21,508 *	86,032	80%

* Offset either totally or partially by Pension credits.

10. PENSION PLANS (CONTINUED)

Contribution Requirements (Continued)

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Post-Retirement Medical Benefits	TPAF FICA
June 30, 2010	$ 39,049.00	0%	$ 733,933.00	$ 959,545.03
June 30, 2009	37,623.00	0%	706,300.00	919,932.82
June 30, 2008	804,476.00	100%	1,149,058.00	840,978.31

During the fiscal year ended June 30, 2010, the State of New Jersey contributed $39,049 to the TPAF for NCGI premium and $733,933 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 $959,545.03 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

11. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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 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 Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of 1% of the active State payroll.

The State made post-retirement (PRM) contributions of $1.38 billion for TPAF and $322 million for PERS in fiscal year 2009.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, 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 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2008.

12. COMPENSATED ABSENCES

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

The liability for vested compensated absences of the governmental fund types is reflected in the statement of Net Assets in the current and long-term liabilities. The current portion of the compensated absence balance of the governmental funds is shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, there is no accrual for compensated absences in the proprietary fund types.

13. DEFERRED COMPENSATION

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

- AXA Equitable
- Met Life

14. 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 surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

Fiscal Year Ended June 30	Interest Earnings	Board Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2010	$ 708.39	$ 100,000.00	$ 25,489.14	$ 31,626.08	$ 308,677.85
2009	3,020.21	None	23,506.00	32,380.20	214,106.40
2008	8,045.32	None	22,341.75	15,455.31	219,960.39

Health Benefits: The Board of Education has procured medical insurance coverage for its employees under a "minimum premium plan". This arrangement allows the Board to retain funds that would normally be paid either at the inception of the coverage period, or in accordance with a premium payment schedule included in the coverage agreement. Instead, subject to the indemnification provisions of the insurance coverage, the Board makes payments to its provider based on loss experience. The amount of supplemental premium due on each monthly premium due date shall be calculated in accordance with the following formula:

(A) An amount equal to the estimated liability for incurred, but unreported, claims at the close of the preceding policy year; plus

(B) The unpaid portion, if any, of the maximum monthly payments from the beginning of the subsequent policy year to the date as of which item (A) is revised.

At June 30, 2010, the Board has an accrued liability for current medical claims in the General Fund in the amount of $156,981.00 for this purpose.

Other Coverage: The Board has contracted with a commercial insurance company to provide coverage for various losses. The coverages are subject to various deductibles and coverage limits based on the type of policy coverage included. The coverages and its limits are detailed in the statistical section.

The Board also maintains surety bond coverage on key financial employees.

15. INTERFUND RECEIVABLES AND PAYABLES

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

	Receivable	Payable
General Fund	$ 73.50	$ 151,549.40
Trust & Agency Fund	$ 151,549.40	$ 73.50

16. FUND BALANCE APPROPRIATED

General Fund – of the $825,339.92 General Fund fund balance at June 30, 2010, $63,913.19 has been designated for subsequent year's expenditures and appropriated and included as anticipated revenue for the year ended June 30, 2010, $64,210.92 is reserved for capital reserve and $697,215.81 is reserved for excess surplus designated for subsequent year's expenditures and included as anticipated revenue for the year ended June 30, 2010.

17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004 c73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget.

18. RECONCILIATION OF FUND BALANCES – GENERAL FUND

The Surpluses are presented on a GAAP basis and a reconciliation to the budget basis is follows:	Unreserved Designated for Subsequent Year Expenditures	Unreserved and Designated
Balance on a Budget Basis on the General Fund Budgetary Basis Comparison	$ 902,784.19	$ 389,708.00
Less: Allocation of State Aid Payment of $1,228,579 not recognized on a GAAP basis	838,871.00	389,708.00
Balances on a GAAP Basis on the Governmental Fund Balance Sheet	$ 63,913.19	$ None

19. CONTINGENT LIABILITIES

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

B. **Pending Litigation** - As of the date of this report, in the opinion of the Board Attorney and management, there was no litigation pending of which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District.

20. ECONOMIC DEPENDENCY

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	$ 11,908,593.00		$ 11,908,593.00	$ 11,908,593.00	
Tuition	36,000.00		36,000.00	34,640.34	$ (1,359.66)
Miscellaneous	46,500.00		46,500.00	381,499.99	334,999.99
Total - local sources	$ 11,991,093.00		$ 11,991,093.00	$ 12,324,733.33	$ 333,640.33
State sources:					
Categorical Special Education Aid	1,284,048.00		1,284,048.00	1,284,048.00	
Equalization Aid	10,378,268.00	(1,883,096.00)	8,495,172.00	8,032,656.00	(462,516.00)
Categorical Security Aid	436,087.00		436,087.00	283,457.00	(152,630.00)
Categorical Transportation Aid	380,601.00		380,601.00	247,391.00	(133,210.00)
Extraordinary Aid				223,169.00	223,169.00
Non-public transportation aid				15,795.00	15,795.00
Teacher's pension and annuity fund (on behalf - non budgeted)				39,049.00	39,049.00
TPAF - post retirement medical (on-behalf - non budgeted)				733,393.00	733,393.00
Reimbursed TPAF social security contributions (non-budgeted)				959,545.03	959,545.03
NJ SDA Grant				57,808.00	57,808.00
Total - state sources	$ 12,479,004.00	$ (1,883,096.00)	$ 10,595,908.00	$ 11,876,311.03	$ 1,280,403.03
Federal sources:					
Medicaid Reimbursement	$ 34,157.00		$ 34,157.00	$ 20,137.43	$ 14,019.57
ARRA-ESF		1,812,915.00	1,812,915.00	1,812,915.00	
ARRA-GSF		$ 70,181.00	70,181.00	70,181.00	
Total - federal sources	34,157.00	1,883,096.00	1,917,253.00	1,903,233.43	14,019.57
Total revenues	$ 24,504,254.00	$	$ 24,504,254.00	$ 26,104,277.79	$ 1,628,062.93
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - Instruction:					
Salaries of teachers:					
Kindergarten	$ 415,735.00	$ (15,000.00)	$ 400,735.00	$ 400,630.00	$ 105.00
Grades 1 - 5	2,749,973.00	(3,621.03)	2,746,351.97	2,724,425.77	21,926.20
Grades 6 - 8	2,066,425.00	(77,686.00)	1,988,739.00	1,983,380.53	5,358.47
Grades 9 - 12	2,334,524.00	6,143.50	2,340,667.50	2,329,130.44	11,537.06
Total Regular Programs - Instruction	$ 7,566,657.00	$ (90,163.53)	$ 7,476,493.47	$ 7,437,566.74	$ 38,926.73

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Home instruction:					
Salaries of teachers	$ 25,000.00	$ 10,000.00	$ 35,000.00	$ 35,000.00	$
Purchased professional - education services	6,000.00	18,250.00	24,250.00	22,690.00	1,560.00
Total home instruction	$ 31,000.00	$ 28,250.00	$ 59,250.00	$ 57,690.00	$ 1,560.00
Regular programs - undistributed instruction:					
Other salaries for instruction	$ 50,252.00	$ 536.10	$ 50,788.10	$ 48,955.38	$ 1,832.72
Purchased professional - educational services	600.00		600.00		600.00
Purchased technical services	21,445.00		21,445.00	10,894.68	10,550.32
Other purchased services (400-500 series)	59,283.00	(12,434.60)	46,848.40	44,505.08	2,343.32
General supplies	330,876.00	3,841.46	334,717.46	314,824.96	19,892.50
Textbooks	48,023.00	(2,171.99)	45,851.01	42,569.56	3,281.45
Other objects	8,337.00		8,337.00	4,353.37	3,983.63
Total regular programs	$ 8,116,473.00	$ (72,142.56)	$ 8,044,330.44	$ 7,961,359.77	$ 82,970.67
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	$ 493,278.00	$ (28,558.00)	$ 464,720.00	$ 464,720.00	
Other salaries for instruction	38,885.00	43,645.50	82,530.50	79,030.41	$ 3,500.09
General supplies	2,414.00		2,414.00	1,927.24	486.76
Total learning and/or language disabilities	$ 534,577.00	$ 15,087.50	$ 549,664.50	$ 545,677.65	$ 3,986.85

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Visual Impairments:					
Salaries of teachers	$ 66,745.00	$ 2,000.00	$ 68,745.00	$ 68,745.00	
Other salaries for instruction	14,400.00	(6,000.00)	8,400.00	7,679.14	$ 720.86
General Supplies	552.00	29.00	581.00	580.32	0.68
Total Visual Impairments	$ 81,697.00	$ (3,971.00)	$ 77,726.00	$ 77,004.46	$ 721.54
Resource room/resource center:					
Salaries of teachers	$ 1,015,755.00	$ 51,150.00	$ 1,066,905.00	$ 1,055,490.63	$ 11,414.37
Other salaries for instruction	86,169.00	(17,545.58)	68,623.42	64,412.10	4,211.32
General supplies	11,977.00	(186.74)	11,790.26	10,449.40	1,340.86
Textbooks	490.00	186.74	676.74	676.74	
Total resource room/resource center	$ 1,114,391.00	$ 33,604.42	$ 1,147,995.42	$ 1,131,028.87	$ 16,966.55
Autistic:					
Salaries of teachers	$ 49,775.00	$ (41,650.00)	$ 8,125.00	$ 8,125.00	
Other salaries for instruction	24,000.00	30,000.00	54,000.00	53,207.00	$ 793.00
General Supplies	491.00		491.00	490.86	0.14
Total Autistic	$ 74,266.00	$ (11,650.00)	$ 62,616.00	$ 61,822.86	$ 793.14
Preschool disabilities - part-time:					
Salaries of teachers	$ 48,250.00	$ 40,432.52	$ 88,682.52	$ 77,692.56	$ 10,989.96
Other salaries for instruction	31,086.00	8,903.94	39,989.94	39,989.94	
General supplies	575.00		575.00	477.54	97.46
Total preschool disabilities	$ 79,911.00	$ 49,336.46	$ 129,247.46	$ 118,160.04	$ 11,087.42
Total special education - instruction	$ 1,884,842.00	$ 82,407.38	$ 1,967,249.38	$ 1,933,693.88	$ 33,555.50
Basic skills/remedial:					
Salaries of teachers	$ 248,445.00	$ (42,781.00)	$ 205,664.00	$ 205,144.30	$ 519.70
Total basic skills/remedial	$ 248,445.00	$ (42,781.00)	$ 205,664.00	$ 205,144.30	$ 519.70
Bilingual education:					
Salaries of teachers	$ 309,105.00		$ 309,105.00	$ 304,120.00	$ 4,985.00
General supplies		$ 1,500.00	1,500.00	1,261.25	238.75
Total bilingual education	$ 309,105.00	$ 1,500.00	$ 310,605.00	$ 305,381.25	$ 5,223.75

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
School sponsored co/extracurricular activities:					
Salaries	$ 69,012.00		$ 69,012.00	$ 55,765.35	$ 13,246.65
Purchased services (300-500 series)	12,850.00		12,850.00	10,350.00	2,500.00
Supplies and materials	1,675.00		1,675.00	242.60	1,432.40
Total school sponsored co/extracurricular activities	$ 83,537.00		$ 83,537.00	$ 66,357.95	$ 17,179.05
School sponsored athletic activities:					
Salaries	$ 414,375.00	$ 1,000.00	$ 415,375.00	$ 401,445.00	$ 13,930.00
Purchased services (300-500 series)	19,517.00		19,517.00	14,972.47	4,544.53
Supplies and materials	32,596.00	(451.20)	32,144.80	28,992.87	3,151.93
Other objects	86,507.00		86,507.00	69,444.40	17,062.60
Total school sponsored athletic activities	$ 552,995.00	$ 548.80	$ 553,543.80	$ 514,854.74	$ 38,689.06
Other instructional programs:					
Salaries	$ 9,000.00		$ 9,000.00	$ 6,080.00	$ 2,920.00
Purchased services (300-500 series)	38,840.00	$ (5,842.00)	32,998.00	25,812.00	7,186.00
Supplies and materials	575.00		575.00		575.00
Total other instructional programs	$ 48,415.00	$ (5,842.00)	$ 42,573.00	$ 31,892.00	$ 10,681.00
Total instructional programs	$ 11,243,812.00	$ (36,309.38)	$ 11,207,502.62	$ 11,018,683.89	$ 188,818.73
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - regular	$ 13,020.00		$ 13,020.00	$ 12,100.00	$ 920.00
Tuition to other LEAs within the state - special	194,072.00	$ (45,972.00)	148,100.00	139,624.20	8,475.80
Tuition to county vocational school district - special		12,800.00	12,800.00	12,800.00	
Tuition to CSSD and regular day schools	500,772.00	39,364.07	540,136.07	516,185.00	23,951.07
Tuition to private schools-disabled within the state	541,862.00	(12,643.65)	529,218.35	492,338.92	36,879.43
Tuition to state facilities	46,681.00		46,681.00	46,681.00	
Tuition - other	108,608.00	(4,244.00)	104,364.00	104,364.00	
Total undistributed expenditures - instruction	$ 1,405,015.00	$ (10,695.58)	$ 1,394,319.42	$ 1,324,093.12	$ 70,226.30

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Attendance and social work:					
Salaries	$ 22,908.00		$ 22,908.00	$ 22,863.00	$ 45.00
Purchased professional and technical services	815.00		815.00	795.00	20.00
Total attendance and social work	$ 23,723.00		$ 23,723.00	$ 23,658.00	$ 65.00
Health services:					
Salaries	$ 238,675.00		$ 238,675.00	$ 238,675.00	
Purchased professional and technical services	25,605.00	$ 5,000.00	30,605.00	28,340.05	$ 2,264.95
Supplies and materials	5,538.00		5,538.00	4,591.57	946.43
Total health services	$ 269,818.00	$ 5,000.00	$ 274,818.00	$ 271,606.62	$ 3,211.38
Other support services - student-related services:					
Salaries	$ 137,930.00	$ (13,129.60)	$ 124,800.40	$ 123,692.65	$ 1,107.75
Purchased professional - educational services	87,810.00	(4,234.50)	83,575.50	62,468.00	21,107.50
Supplies and materials	1,506.00		1,506.00	1,329.70	176.30
Total other support services - student-related services	$ 227,246.00	$ (17,364.10)	$ 209,881.90	$ 187,490.35	$ 22,391.55
Other support services - student-extra. services:					
Purchased professional - educational services	$ 293,983.00	$ (70,515.00)	$ 223,468.00	$ 204,712.50	$ 18,755.50
Total other support services - student-extra services	$ 293,983.00	$ (70,515.00)	$ 223,468.00	$ 204,712.50	$ 18,755.50
Other support services - students - regular:					
Salaries of other professional staff	$ 466,408.00	$ (4,000.00)	$ 462,408.00	$ 449,207.64	$ 13,200.36
Salaries of secretarial and clerical assistants	81,247.00	0.20	81,247.20	81,247.20	
Purchased professional - educational services	30,100.00		30,100.00	30,100.00	
Other purchased services (400-500 series)	125.00	105.00	230.00	115.00	115.00
Supplies and materials	10,524.00		10,524.00	8,049.91	2,474.09
Total other support services - students - regular	$ 588,404.00	$ (3,894.80)	$ 584,509.20	$ 568,719.75	$ 15,789.45

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Other support services - students - special:					
Salaries of other professional staff	$ 570,905.00	$ (3,282.26)	$ 567,622.74	$ 567,337.61	$ 285.13
Salaries of secretarial and clerical assistants	55,760.00	0.16	55,760.16	55,760.16	
Purchased professional - educational services	129,085.00		129,085.00	90,417.50	38,667.50
Misc Pur Serv(400-500 series O/than Resid Costs)	1,100.00		1,100.00	247.63	852.37
Supplies and materials	7,125.00		7,125.00	5,188.71	1,936.29
Other objects	1,200.00		1,200.00	1,200.00	
Total other support services - students - special	$ 765,175.00	$ (3,282.10)	$ 761,892.90	$ 720,151.61	$ 41,741.29
Improvement of instructional services:					
Salaries of supervisors of instruction	$ 310,300.00	$ 692.00	$ 310,992.00	$ 310,992.00	$
Salaries of other professional staff	41,000.00		41,000.00	33,881.25	7,118.75
Salaries of secretarial and clerical assistants	22,387.00		22,387.00	21,071.92	1,315.08
Supplies and materials	5,628.00		5,628.00	5,628.00	
Other objects	747.00		747.00	514.00	233.00
Total Improvement of instructional services	$ 380,062.00	$ 692.00	$ 380,754.00	$ 372,087.17	$ 8,666.83
Educational media/school library:					
Salaries	$ 265,920.00		$ 265,920.00	$ 265,495.00	$ 425.00
Purchased professional and technical services	2,573.00	$ 47.00	2,620.00	2,620.00	
Other purchased services (400-500 series)	3,307.00	(367.41)	2,939.59	2,875.26	64.33
Supplies and materials	13,176.00	367.41	13,543.41	13,224.15	319.26
Total educational media/school library	$ 284,976.00	47.00	$ 285,023.00	$ 284,214.41	$ 808.59
Instructional staff training services:					
Purchased professional - educational services	$ 14,000.00	$ 6,515.89	$ 20,515.89	$ 19,085.43	$ 1,430.46
Other purchased services (400-500 series)	13,255.00	355.00	13,610.00	11,051.04	2,558.96
Supplies and materials	1,800.00	4,533.11	6,333.11	6,333.11	
Total instructional staff training services	$ 29,055.00	$ 11,404.00	$ 40,459.00	$ 36,469.58	$ 3,989.42

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Support services - general administration:					
Salaries	$ 284,100.00		$ 284,100.00	$ 283,831.20	$ 268.80
Legal services	45,000.00		45,000.00	29,660.00	15,340.00
Audit fees	32,200.00		32,200.00	28,900.00	3,300.00
Architectural/Engineer Services	10,000.00		10,000.00	7,500.00	2,500.00
Other purchased professional services	2,500.00		2,500.00	181.25	2,318.75
Communications/telephone	100,000.00	$ (29,392.55)	70,607.45	54,408.18	16,199.27
BOE other purchased services	10,000.00		10,000.00	3,789.52	6,210.48
Other purchased services (400-500 series)	36,500.00	7,187.55	43,687.55	41,910.11	1,777.44
General supplies	7,500.00		7,500.00	5,874.72	1,625.28
Judgments against the school district	10,000.00		10,000.00	2,000.00	8,000.00
Miscellaneous expenditures	12,000.00		12,000.00	6,066.45	5,933.55
BOE membership dues and fees	17,000.00		17,000.00	11,930.00	5,070.00
Total support services - general administration	$ 566,800.00	$ (22,205.00)	$ 544,595.00	$ 476,051.43	$ 68,543.57
Support services - school administration:					
Salaries of principals/assistant principals	$ 867,502.00	$ 2,851.00	$ 870,353.00	$ 869,953.76	$ 399.24
Salaries of secretarial and clerical assistants	340,574.00	13,000.00	353,574.00	349,414.56	4,159.44
Other purchased services (400-500 series)	6,910.00		6,910.00	3,434.40	3,475.60
Supplies and materials	14,782.00		14,782.00	8,782.17	5,999.83
Other objects	409.00		409.00	154.00	255.00
Total support services - school administration	$ 1,230,177.00	$ 15,851.00	$ 1,246,028.00	$ 1,231,738.89	$ 14,289.11
Central services:					
Salaries	$ 304,440.00	9,642.00	$ 314,082.00	$ 305,183.73	$ 8,898.27
Miscellaneous purchased services (400-500 series)	6,500.00	$	6,500.00	2,997.09	3,502.91
Supplies and materials	12,000.00		12,000.00	10,136.24	1,863.76
Miscellaneous expenditures	1,000.00		1,000.00	878.46	121.54
Total central services	$ 323,940.00	$ 9,642.00	$ 333,582.00	$ 319,195.52	$ 14,386.48
Administration information technology:					
Other purchased services (400-500 series)	$ 3,000.00		$ 3,000.00	$ 2,937.50	$ 62.50
Supplies and materials	5,002.00	$ 9,992.70	14,994.70	14,722.98	271.72
Total administration information technology	$ 8,002.00	$ 9,992.70	$ 17,994.70	$ 17,660.48	$ 334.22

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Required maintenance for school facilities:					
Salaries	$ 476,323.00	$ 2,604.59	$ 478,927.59	$ 476,724.24	$ 2,203.35
Cleaning, repair and maintenance services	272,031.00	10,086.00	282,117.00	275,644.47	6,472.53
General supplies	140,500.00	4,510.13	145,010.13	139,493.37	5,516.76
Other objects	4,400.00	1,000.00	5,400.00	4,420.00	980.00
Total required maintenance for school facilities	$ 893,254.00	$ 18,200.72	$ 911,454.72	$ 896,282.08	$ 15,172.64
Other operation and maintenance of plant:					
Salaries	$ 103,860.00	$ 3,257.27	$ 107,117.27	$ 107,117.27	
Purchased professional and technical services		57,818.00	57,818.00	57,818.00	
Cleaning, repair and services	334,100.00	(77,829.79)	256,270.21	234,494.19	$ 21,776.02
Rental of Land & Bldg. Other than Lease Purchase Agreement	6,680.00	287.16	6,967.16	6,967.16	
Other purchased property services	207,651.00	(401.94)	207,249.06	197,690.44	9,558.62
Insurance	136,442.00	(14,797.00)	121,645.00	118,826.00	2,819.00
Miscellaneous purchased services	1,540.00		1,540.00	1,212.86	327.14
Energy (heat and electricity)	712,000.00	(33,500.00)	678,500.00	637,240.66	41,259.34
Energy (Natural Gas)	301,000.00	(60,000.00)	241,000.00	185,416.66	55,583.34
Total operation and maintenance of plant	$ 1,803,273.00	$ (125,166.30)	$ 1,678,106.70	$ 1,546,783.24	$ 131,323.46
Undistributed expenditures (continued): Care and up keep of grounds					
Cleaing, Repair and Maintenance of services	$ 25,500.00	$ 5,298.75	$ 30,798.75	$ 30,798.75	$
General Supplies	19,500.00	(745.00)	18,755.00	16,072.81	2,682.19
Total Care and upkeep of grounds	$ 45,000.00	$ 4,553.75	$ 49,553.75	$ 46,871.56	$ 2,682.19
Student transportation services:					
Management Fee - ESC & CTSA Trans. Program	$ 34,153.00	$ (5,000.00)	$ 29,153.00	$ 27,581.26	$ 1,571.74
Contracted services (between home and school) - vendors	68,003.00	(15,000.00)	53,003.00	51,491.87	1,511.13
Contracted services (other than between home and school) - vendors	109,969.00		109,969.00	100,154.98	9,814.02
Contracted services (special education students) - joint agreements	206,059.00	100,249.78	306,308.78	306,308.78	
Contracted Services (regular students) - ESC and CTSA	87,137.00	(15,500.00)	71,637.00	71,583.01	53.99
Contracted services (special education students) - ESC and CTSA	548,696.00	(84,749.78)	463,946.22	461,574.34	2,371.88
Contract Services - Aide In Lieu Pymts - Non public Schools	50,000.00	(4,000.00)	46,000.00	36,641.51	9,358.49
Total student transportation	$ 1,104,017.00	$ (24,000.00)	$ 1,080,017.00	$ 1,055,335.75	$ 24,681.25

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Unallocated benefits- employee benefits:					
Social security contribution	$ 215,000.00	$ 14,785.89	$ 229,785.89	$ 229,785.89	
Other retirement contributions - regular	221,010.00	(69,117.00)	151,893.00	151,893.00	
Unemployment compensation		100,000.00	100,000.00	100,000.00	
Workmen's compensation	118,453.00	(4,248.00)	114,205.00	109,646.68	$ 4,558.32
Health benefits	3,602,156.00	48,673.19	3,650,829.19	3,528,887.78	121,941.41
Tuition reimbursement	30,000.00	(7,954.90)	22,045.10	22,045.10	
Other employee benefits	40,000.00	144,180.92	184,180.92	184,180.92	
Total unallocated benefits- employee benefits	$ 4,226,619.00	$ 226,320.10	$ 4,452,939.10	$ 4,326,439.37	$ 126,499.73
On behalf - TPAF - pension contributions (non budgeted)				$ 39,049.00	$ (39,049.00)
On behalf - TPAF - post retirement medical (non budgeted)				733,393.00	(733,393.00)
Reimbursed TPAF social security contributions (non budgeted)				959,545.03	(959,545.03)
Total on behalf - Contributions				$ 1,731,987.03	$ (1,731,987.03)
Total undistributed expenditures	$ 14,468,539.00	$ 24,580.39	$ 14,493,119.39	$ 15,641,548.46	$ (1,148,429.07)
TOTAL EXPENDITURES - CURRENT EXPENSE	$ 25,712,351.00	$ (11,728.99)	$ 25,700,622.01	$ 26,860,232.35	$ (959,610.34)
Equipment:					
Undistributed expenditures:					
Support services - students - regular		$ 2,999.00	$ 2,999.00	$ 2,999.00	
Non Instructional:					
District tech equipment		4,444.99	4,444.99	4,444.99	
Total equipment		$ 12,188.99	$ 12,188.99	$ 12,188.99	$

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Facilities acquisition and construction services:					
Architectural/Engineering services	$ 42,200.00	$ 74,344.15	$ 116,544.15	$ 116,544.15	
Construction services	119,000.00	(74,804.15)	44,195.85	37,252.00	$ 6,943.85
Total facilities acquisition and construction services	$ 161,200.00	$ (460.00)	$ 160,740.00	$ 153,796.15	$ 6,943.85
TOTAL EXPENDITURES - CAPITAL OUTLAY	$ 161,200.00	$ 11,728.99	$ 172,928.99	$ 165,985.14	$ 6,943.85
TOTAL GENERAL FUND EXPENDITURES	$ 25,873,551.00		$ 25,873,551.00	$ 26,826,217.49	$ (952,666.48)
Excess/(deficiency) of revenues over/(under) expenditures	$ (1,369,297.00)		$ (1,369,297.00)	$ (721,939.70)	$ 675,396.45
Other financing sources/(uses):					
Operating Transfers in/(out):					
Transfers (out) - food service fund	$ 10,000.00		$ 10,000.00		$ 10,000.00
Total other financing sources/(uses)	$ 10,000.00		$ 10,000.00		$ 10,000.00
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	$ (1,359,297.00)		$ (1,359,297.00)	$ (721,939.70)	$ 685,396.45
Fund balance, July 1	2,775,858.62		2,775,858.62	2,775,858.62	
Fund balance, June 30	$ 1,416,561.62		$ 1,416,561.62	$ 2,053,918.92	$ 685,396.45

Budgeted General Fund Balance	$ 1,279,297.00
Budgeted Withdrawal Capital Reserve	100,000.00
Excess/(deficiency of revenues) over/(under) expenditures	$ 1,379,297.00

Recapitulation:	
Capital reserve	$ 64,210.92
Reserve for excess surplus - designated for subsequent year's expenditures	697,215.81
Unreserved -designated for subsequent year's expenditures	902,784.19
Unreserved and undesignated	389,708.00
	$ 2,053,918.92
Reconciliation to governmental funds statements (GAAP):	
Last State Aid Payment not recognized on GAAP basis	(1,228,579.00)
Fund balance per governmental funds (GAAP)	$ 825,339.92

Exhibit C-1b

BOARD OF EDUCATION
BOROUGH SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
EDUCATION STABILIZATION FUND (ESF)
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted	Actual	Variance
REVENUES:			
Federal sources:			
ARRA - Equalization Stabilization Fund	$ 1,812,915.00	$ 1,812,915.00	
Total federal sources	$ 1,812,915.00	$ 1,812,915.00	
Total revenues	$ 1,812,915.00	$ 1,812,915.00	

	Budgeted	Actual	Variance
EXPENDITURES:			
Regular Programs - Instruction:			
Salaries of teachers:			
Grades 1-5	$ 610,101.20	$ 610,101.20	
Grades 6-8	423,163.50	423,163.50	
Grades 9-12	546,371.55	546,371.55	
Total Regular Programs - Instruction	$ 1,579,636.25	$ 1,579,636.25	
Resource Room/Resource Center			
Sarlaries of teachers	$ 233,278.75	$ 233,278.75	
Total Resource Room/Resource Center	$ 233,278.75	$ 233,278.75	
Total expenditures	$ 1,812,915.00	$ 1,812,915.00	

Exhibit C-1c

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND
AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)
GOVERNMENT SERVICES FUND (GSF)
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted	Actual	Variance
REVENUES:			
Federal sources:			
ARRA - Government Services Fund	$ 70,181.00	$ 70,181.00	
Total federal sources	$ 70,181.00	$ 70,181.00	
Total revenues	$ 70,181.00	$ 70,181.00	

	Budgeted	Actual	Variance
EXPENDITURES:			
Regular Programs - Instruction:			
Salaries of teachers:			
Grades 1-5	$ 17,545.25	$ 17,545.25	
Grades 6-8	17,545.25	17,545.25	
Grades 9-12	17,545.25	17,545.25	
Total Regular Programs - Instruction	$ 52,635.75	$ 52,635.75	
Resource Room/Resource Center			
Sarlaries of teachers	$ 17,545.25	$ 17,545.25	
Total Resource Room/Resource Center	$ 17,545.25	$ 17,545.25	
Total expenditures	$ 70,181.00	$ 70,181.00	

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	$ 1,050,273.00	$ 1,050,688.91	$ 2,100,961.91	$ 1,569,598.05	$ (531,363.86)
State Sources	339,252.00	(98,060.00)	241,192.00	226,046.70	(15,145.30)
Local Sources		6,047.47	6,047.47	6,047.47	
Total Revenues	$ 1,389,525.00	$ 958,676.38	$ 2,348,201.38	$ 1,801,692.22	$ (546,509.16)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	$ 274,616.00	$ 136,161.00	$ 410,777.00	$ 339,777.00	$ 71,000.00
Other Salaries for Instruction	129,520.00	33,771.00	163,291.00	161,240.00	2,051.00
Other Salaries		10,221.25	10,221.25	6,269.75	3,951.50
Purchased Professional - Education Services	435,875.00	(40,070.91)	395,804.09	482,626.93	(86,822.84)
Other Purchased Services	322,035.00	(41,035.00)	281,000.00	70,428.80	210,571.20
General Supplies	58,788.00	287,656.75	346,444.75	247,198.10	99,246.65
Textbooks	24,190.00	6,157.02	30,347.02	29,117.46	1,229.56
Other Objects		1,090.00	1,090.00	1,090.00	
Miscellaneous		16,000.00	16,000.00	891.00	15,109.00
Total Instruction	$ 1,245,024.00	$ 409,951.11	$ 1,654,975.11	$ 1,338,639.04	$ 316,336.07
Support Services:					
Personal Services - Salaries		$ 4,700.00	$ 4,700.00	$ 4,700.00	
Salaries of Supervisors of Instruction		660.00	660.00	660.00	
Salaries of Other Professional Staff	$ 13,000.00	3,938.00	16,938.00	12,210.00	$ 4,728.00
Salaries of Secretarial and Clerical Assistants	43,255.00	5,122.00	48,377.00	53,105.00	(4,728.00)
Other Salaries for Instruction		13,010.00	13,010.00	13,010.00	
Personal Services - Employee Benefits	83,246.00	7,831.69	91,077.69	76,404.64	14,673.05
Purchased Professional - Educational Services		377,932.58	377,932.58	248,833.43	129,099.15
Other Purchased Services	2,000.00	23,237.06	25,237.06	9,031.98	16,205.08
Supplies and Materials	3,000.00	37,174.00	40,174.00	37,178.19	2,995.81
Other Objects		271.94	271.94	271.94	
Total Support Services	$ 144,501.00	$ 473,877.27	$ 618,378.27	$ 455,405.18	$ 162,973.09
Facilities Acquisition and Construction Services:					
Instructional Equipment		$ 74,848.00	$ 74,848.00	$ 7,648.00	$ 67,200.00
Total Facilities Acquisition and Construction Services		$ 74,848.00	$ 74,848.00	$ 7,648.00	$ 67,200.00
Total Expenditures	$ 1,389,525.00	$ 958,676.38	$ 2,348,201.38	$ 1,801,692.22	$ 546,509.16

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 basis) "revenue" from the budgetary comparison schedule	C-1	$ 26,104,277.79	C-2	$ 1,801,692.22
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
June 30, 2009		None		None
June 30, 2010		None		None
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		1,160,633.00		0.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.		(1,228,579.00)		
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2	$ 26,036,331.79	B-2	$ 1,801,692.22
Uses/Outflows of Resources:				
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	C-1	$ 26,826,217.49	C-2	$ 1,801,692.22
Difference - Budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				
June 30, 2009		None		None
June 30, 2010		None		None
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2	$ 26,826,217.49	B-2	$ 1,801,692.22

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

Exhibit E-1

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Total Brought Forward (Exh. E-1a)	Title III		I.D.E.A. Part B				Title I						Totals 2010
		2009-2010	Carryover	2009-2010 Regular Program	Regular Program Carryover	2009-2010 Preschool	2009-2010 ARRA IDEA	2009-2010	Carryover	School Improvement	School Improvement Carryover	2009-2010 ARRA Title I	2009-2010 ARRA Title I - SIA	
REVENUES:														
State sources	$ 226,046.70													$ 226,046.70
Federal sources	163,149.72	$ 25,099.40	$ 7,683.94	$ 502,231.19	$ 22,810.00	$ 14,954.00	$ 246,011.22	$ 416,264.60	$ 23,947.16	$ 13,184.60	$ 338.35	$ 125,940.55	$ 7,983.32	1,569,598.05
Local sources	6,047.47													6,047.47
Total revenues	$ 395,243.89	$ 25,099.40	$ 7,683.94	$ 502,231.19	$ 22,810.00	$ 14,954.00	$ 246,011.22	$ 416,264.60	$ 23,947.16	$ 13,184.60	$ 338.35	$ 125,940.55	$ 7,983.32	$ 1,801,692.22
EXPENDITURES:														
Instruction:														
Salaries of teachers	$ 80,581.00						$ 37,000.00	$ 222,196.00						$ 339,777.00
Personal services - salaries														
Other salaries for instruction				$ 147,024.00		$ 13,891.00	325.00							161,240.00
Other salaries	6,269.75													6,269.75
Purchased professional and technical services	200,148.55			280,955.38								$ 1,523.00		482,626.93
Other purchased services								69,703.00	$ 725.80					70,428.80
Supplies and materials														
General supplies	16,221.25	$ 8,909.46	$ 7,683.94	367.20	226.00		100,585.75	65.98	20,221.36	$ 10,834.60	$ 338.35	73,738.89	$ 7,983.32	247,198.10
Textbooks	29,117.46													29,117.46
Other Objects		1,090.00												1,090.00
Miscellaneous							691.00							691.00
Contribution to charter schools														
Total instruction	$ 332,336.01	$ 9,999.46	$ 7,683.94	$ 428,366.58	$ 226.00	$ 13,891.00	$ 138,801.75	$ 291,964.98	$ 20,947.16	$ 10,834.60	$ 338.35	$ 75,261.89	$ 7,983.32	$ 1,338,839.04
Support services:														
Personal services - salaries	$ 4,700.00													$ 4,700.00
Salaries of program director														
Salaries of supervisors of instruction	660.00													660.00
Salaries of other professional staff	12,210.00													12,210.00
Salaries of secretarial and clerical assistants	4,210.00	$ 518.00		$ 24,000.00				$ 20,570.00				$ 3,807.00		53,105.00
Other salaries for instruction		13,010.00												13,010.00
Personal services-employee benefits	15,183.32	1,035.00		13,083.00		$ 1,063.00	$ 5,430.56	40,316.76				291.00		76,404.64
Purchased professional/educational services	9,677.58			36,781.61	$ 22,582.00		88,363.06	57,600.00	$ 3,000.00			30,829.16		248,833.43
Purchased professional/technical services														
Tuition														
Other purchased services	6,766.98	265.00												9,031.98
Miscellaneous purchased services														
Supplies and materials	2,200.00						13,415.83	5,810.86				15,751.50		37,178.19
Other objects		271.94												271.94
Total support services	$ 57,607.88	$ 15,099.94		$ 73,864.61	22,582.00	$ 1,063.00	$ 107,209.47	$ 124,299.62	$ 3,000.00			$ 50,678.66		$ 455,405.18
Facilities acquisition and construction services:														
Instructional equipment	$ 5,298.00									$ 2,350.00				$ 7,648.00
Noninstructional equipment														
Total facilities acquisition and construction services	$ 5,298.00									$ 2,350.00				$ 7,648.00
Total expenditures	$ 395,243.89	$ 25,099.40	$ 7,683.94	$ 502,231.19	$ 22,810.00	$ 14,954.00	$ 246,011.22	$ 416,264.60	$ 23,947.16	$ 13,184.60	$ 338.35	$ 125,940.55	$ 7,983.32	$ 1,801,692.22

Exhibit E-1a

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Total Brought Forward (Exh. E-1b)	Title IV		Title II					Adult Basic Education	Totals Carried Forward 2010
		2009-2010	Carryover	2009-2010 Part A	Part A Carryover	2009-2010 Part D - Tech	Part D Carryover	Part D Carryover		
REVENUES:										
State sources	$ 226,046.70									$ 226,046.70
Federal sources	16,606.75	$ 7,591.72	$ 995.29	$ 80,458.67	$ 8,049.58	$ 4,046.12		$ 372.75	$ 45,028.84	163,149.72
Local sources	6,047.47									6,047.47
Total revenues	$ 248,700.92	$ 7,591.72	$ 995.29	$ 80,458.67	$ 8,049.58	$ 4,046.12		$ 372.75	$ 45,028.84	$ 395,243.89
EXPENDITURES:										
Instruction:										
Salaries of teachers				$ 57,706.00					$ 22,875.00	$ 80,581.00
Personal services - salaries										
Other salaries for instruction										
Other salaries	$ 3,893.75								2,376.00	6,269.75
Purchased professional and technical services	199,153.26		$ 995.29							200,148.55
Other purchased services										
Supplies and materials										
General supplies	13,462.47	$ 1,808.00				$ 175.21		$ 372.75	402.82	16,221.25
Textbooks	26,893.44								2,224.02	29,117.46
Other Objects										
Miscellaneous										
Contribution to charter schools										
Total instruction	$ 243,402.92	$ 1,808.00	$ 995.29	$ 57,706.00		$ 175.21		$ 372.75	$ 27,677.84	$ 332,338.01
Support services:										
Personal services - salaries		$ 4,700.00								$ 4,700.00
Salaries of program director										
Salaries of supervisors of instruction									$ 660.00	660.00
Salaries of other professional staff									12,210.00	12,210.00
Salaries of secretarial and clerical assistants		165.00		$ 3,837.00		$ 208.00				4,210.00
Other salaries for instruction										
Personal services-employee benefits		918.72		11,413.75		15.91			2,834.94	15,183.32
Purchased professional/educational services				79.00	$ 5,951.58	3,647.00				9,677.58
Purchased professional/technical services										
Tuition										
Other purchased services				6,922.92	398.00				1,446.06	8,766.98
Miscellaneous purchased services										
Supplies and materials				500.00	1,700.00					2,200.00
Other objects										
Total support services		$ 5,783.72		$ 22,752.67	$ 8,049.58	$ 3,870.91			$ 17,151.00	$ 57,607.88
Facilities acquisition and construction services:										
Instructional equipment	$ 5,298.00									$ 5,298.00
Noninstructional equipment										
Total facilities acquisition and construction services	$ 5,298.00									$ 5,298.00
Total expenditures	$ 248,700.92	$ 7,591.72	$ 995.29	$ 80,458.67	$ 8,049.58	$ 4,046.12		$ 372.75	$ 45,028.84	$ 395,243.89

Exhibit E-1b

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Total Brought Forward (Exh. E-1c)	IDEA SESAS	IDEA SES	Nonpublic Textbooks	Totals Carried Forward 2010
REVENUES:					
State sources	$ 199,153.26			$ 26,893.44	$ 226,046.70
Federal sources	12,713.00	$ 3,656.25	$ 237.50		16,606.75
Local sources	6,047.47				6,047.47
Total revenues	$ 217,913.73	$ 3,656.25	$ 237.50	$ 26,893.44	$ 248,700.92
EXPENDITURES:					
Instruction:					
Salaries of teachers					
Personal services - salaries					
Other salaries for instruction					
Other salaries		$ 3,656.25	$ 237.50		$ 3,893.75
Purchased professional and technical services	$ 199,153.26				199,153.26
Other purchased services					
Supplies and materials					
General supplies	13,462.47				13,462.47
Textbooks				$ 26,893.44	26,893.44
Other Objects					
Miscellaneous					
Contribution to charter schools					
Total instruction	$ 212,615.73	$ 3,656.25	$ 237.50	$ 26,893.44	$ 243,402.92
Support services:					
Personal services - salaries					
Salaries of program director					
Salaries of supervisors of instruction					
Salaries of other professional staff					
Salaries of secretarial and clerical assistants					
Other salaries for instruction					
Personal services-employee benefits					
Purchased professional/educational services					
Purchased professional/technical services					
Tuition					
Other purchased services					
Miscellaneous purchased services					
Supplies and materials					
Other objects					
Total support services					
Facilities acquisition and construction services:					
Instructional equipment	$ 5,298.00				$ 5,298.00
Noninstructional equipment					
Total facilities acquisition and construction services	$ 5,298.00				$ 5,298.00
Total expenditures	$ 217,913.73	$ 3,656.25	$ 237.50	$ 26,893.44	$ 248,700.92

Exhibit E-1c

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	New Jersey Chapter 226	New Jersey Chapter 192 Auxiliary			New Jersey Chapter 193 Handicapped						
	Nonpublic Nursing Services	Nonpublic Comp. Education	Nonpublic E.S.L.	Nonpublic Transp.	Nonpublic Suppl. Inst.	Nonpublic Exam. and Class.	Nonpublic Corrective Speech	Safety Grant	Exxon Grant	Perkins Grant	Totals Carried Forward 2010
REVENUES:											
State sources	$ 33,350.00	$ 54,415.00	$ 40,321.00	$ 13,426.00	$ 19,911.00	$ 32,350.26	$ 5,380.00				$ 199,153.26
Federal sources										$ 12,713.00	12,713.00
Local sources								$ 5,298.00	$ 749.47		6,047.47
Total revenues	$ 33,350.00	$ 54,415.00	$ 40,321.00	$ 13,426.00	$ 19,911.00	$ 32,350.26	$ 5,380.00	$ 5,298.00	$ 749.47	12,713.00	$ 217,913.73
EXPENDITURES:											
Instruction:											
Salaries of teachers											
Personal services - salaries											
Other salaries for instruction											
Other salaries											
Purchased professional and technical services	$ 33,350.00	$ 54,415.00	$ 40,321.00	$ 13,426.00	$ 19,911.00	$ 32,350.26	$ 5,380.00				$ 199,153.26
Other purchased services											
Supplies and materials											
General supplies									$ 749.47	$ 12,713.00	13,462.47
Textbooks											
Other Objects											
Miscellaneous											
Contribution to charter schools											
Total instruction	$ 33,350.00	$ 54,415.00	$ 40,321.00	$ 13,426.00	$ 19,911.00	$ 32,350.26	$ 5,380.00		$ 749.47	$ 12,713.00	$ 212,615.73
Support services:											
Personal services - salaries											
Salaries of program director											
Salaries of supervisors of instruction											
Salaries of other professional staff											
Salaries of secretarial and clerical assistants											
Other salaries for instruction											
Personal services-employee benefits											
Purchased professional/educational services											
Purchased professional/technical services											
Tuition											
Other purchased services											
Miscellaneous purchased services											
Supplies and materials											
Other objects											
Total support services											
Facilities acquisition and construction services:											
Instructional equipment								$ 5,298.00			$ 5,298.00
Noninstructional equipment											
Total facilities acquisition and construction services								5,298.00			$ 5,298.00
Total expenditures	$ 33,350.00	$ 54,415.00	$ 40,321.00	$ 13,426.00	$ 19,911.00	$ 32,350.26	$ 5,380.00	$ 5,298.00	$ 749.47	$ 12,713.00	$ 217,913.73

PROPRIETARY FUNDS

ENTERPRISE FUND

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Business-Type Activities - Enterprise Fund
	Food Service Total Enterprise
ASSETS	
Current Assets:	
Cash and Cash equivalents	$ 195,259.70
Accounts receivable:	
State sources	1,475.48
Federal sources	30,020.85
Other sources	146.95
Inventories	1,658.73
Total Current Assets	$ 228,561.71
Noncurrent assets:	
Furniture, machinery and equipment	$ 339,081.46
Less: accumulated depreciation	250,002.07
Total Noncurrent Assets	$ 89,079.39
Total Assets	$ 317,641.10
LIABILITIES	
Current liabilities:	
Accounts payable	$ 72,686.82
Total current liabilities	$ 72,686.82
Total liabilities	$ 72,686.82
NET ASSETS	
Invested in Capital Assets Net of Related Debt	$ 89,079.39
Unrestricted	155,874.89
Total Net Assets	$ 244,954.28

Exhibit G-2

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED 2010

	Business-Type Activities - Enterprise Fund
	Food Service Total Enterprise
Operating Revenues:	
Local Sources:	
Daily sales - reimbursable programs:	
School lunch, breakfast and milk program	$ 419,469.40
Daily sales - non-reimbursable programs	1,009.05
Total operating revenues	$ 420,478.45
Operating Expenses:	
Cost of sales	$ 318,741.24
Salaries	222,833.69
Employee Benefits	30,354.34
Insurance	48,235.86
General supplies	31,664.62
Management fee and Adminastrative Fee	58,439.39
Cleaning, repairs and other expenses	50,950.08
Depreciation	17,455.19
Total operating expenses	$ 778,674.41
Operating income/(loss)	$ (358,195.96)
Nonoperating revenues:	
State sources:	
State school lunch program	$ 16,331.20
State school breakfast program	1,417.50
Federal sources:	
National school lunch program	336,334.72
School breakfast program	20,428.28
Food distribution system	36,733.22
Total nonoperating revenues	$ 411,244.92
Income/(loss) before contributions and transfers	$ 53,048.96
Change in net assets	$ 53,048.96
Total net assets - beginning	191,905.32
Total net assets - ending	$ 244,954.28

Exhibit G-3

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED 2010

	Business-Type Activities Enterprise Funds
	Food Service Total Enterprise
Cash Flows from Operating Activities	
Receipts from Customers	$ 431,115.86
Payments to Employees	(222,833.69)
Payments for Employee Benefit	(30,354.34)
Payments to Suppliers	(457,521.41)
Net Cash Provided by/(Used for) Operating Activities	$ (279,593.58)
Cash Flows from Noncapital Financing Activities	
State Sources	$ 19,597.88
Federal Sources	389,042.98
Net Cash Provided by/(Used for) Noncapital Financing Activities	$ 408,640.86
Cash Flow for Investing Activites	
Acquisition of Fixed Assets	(12,194.57)
Net Cash Provided by/(Used for) Investing Activites	$ (12,194.57)
Net Increase/(Decrease) in Cash and Cash Equivalents	$ 116,852.71
Balances - Beginning of Year	78,406.99
Balances - End of Year	$ 195,259.70
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Operating Gain/(Loss)	$ (358,195.96)
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:	
Depreciation	$ 17,455.19
Federal Commodities	36,733.22
Change in Assets and Liabilities:	
Decrease in Accounts Receivable	10,784.31
(Increase) Other Sources Receivable	(146.95)
Decrease in Inventory	423.11
Increase in Accounts Payable	13,353.50
Total Adjustments	$ 78,602.38
Net Cash Provided/(Used) by Operating Activities	$ (279,593.58)

FIDUCIARY FUNDS

Exhibit H-1

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Trust		Agency Fund	
	Unemployment Compensation	Private Purpose Scholarship Fund	Student Activity	Payroll
ASSETS				
Cash and Cash Equivalents	$ 200,071.04	$ 31,388.51	$ 111,721.00	$ 43,434.75
Investments		21,555.04		
Accounts Receivable- Other	9,222.92			
Interfund Receivable - General Fund	100,000.00			51,549.40
Total Assets	$ 309,293.96	$ 52,943.55	$ 111,721.00	$ 94,984.15
LIABILITIES				
Accounts Payable	$ 616.11			
Payable to Student Groups			$ 111,721.00	
Payroll Deductions and Withholdings				$ 94,910.65
Interfund Payable - General Fund				73.50
Total Liabilities	$ 616.11		$ 111,721.00	$ 94,984.15
NET ASSETS				
Held in Trust for Unemployment Claims and Other Purposes	$ 308,677.85			
Reserved for Scholarships		52,943.55		
Total Net Assets	$ 308,677.85	$ 52,943.55		

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Trust	Agency
	Unemployment Compensation Trust Fund	Private Purpose Scholarship Fund
Additions		
Contributions:		
Plan Members	$ 25,489.14	$ 0.00
Board	100,000.00	
Total Contributions	$ 125,489.14	$ 0.00
Investment Earnings:		
Increase in Fair Value of Investment		$ 2,982.56
Interest	$ 708.39	1,287.91
Net Investment Earnings	$ 708.39	$ 4,270.47
Total Additions	$ 126,197.53	$ 4,270.47
Deductions		
Unemployment Claims	$ 31,626.08	
Scholarships Awarded		$ 2,950.00
Other		1,812.45
Total Deductions	$ 31,626.08	$ 4,762.45
Change in Net Assets - Increase	$ 94,571.45	$ (491.98)
Total Net Assets - Beginning of the Year	214,106.40	53,435.53
Total Net Assets - End of the Year	$ 308,677.85	$ 52,943.55

Exhibit H-3

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
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
Middle School:				
Cash and Cash Equivalents	$ 24,423.49	$ 51,213.32	$ 45,562.86	$ 30,073.95
Total Middle School	$ 24,423.49	$ 51,213.32	$ 45,562.86	$ 30,073.95
High School:				
Cash and Cash Equivalents	$ 80,518.24	$ 147,098.28	$ 145,969.47	$ 81,647.05
Total High School	$ 80,518.24	$ 147,098.28	$ 145,969.47	$ 81,647.05
Total All Schools	$ 104,941.73	$ 198,311.60	$ 191,532.33	$ 111,721.00

Exhibit H-4

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS				
Cash and Cash Equivalents	$ 87,606.97	$ 10,587,218.34	$ 10,631,390.56	$ 43,434.75
Interfund Receivable - General Fund		51,549.40		51,549.40
Total Assets	$ 87,606.97	$ 10,638,767.74	$ 10,631,390.56	$ 94,984.15
LIABILITIES				
Payroll Deductions and Withholdings	$ 87,533.47	$ 10,524,096.81	10,516,719.63	$ 94,910.65
Net Pay		10,088,447.71	10,088,447.71	
Interfund Payable - General Fund	73.50			73.50
Total Liabilities	$ 87,606.97	$ 20,612,544.52	$ 20,605,167.34	$ 94,984.15

LONG-TERM DEBT

Exhibit I-1

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2010

Issue	Original Date of Original Issue	Original Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2009	Retired	Balance June 30, 2010
Construction of a New K-8 Elementary School	12/1/1995	$ 18,959,000.00	12/1/10-11	1,250,000.00	5.000%			
			12/1/12-14	1,300,000.00				
			12/1/2015	1,234,000.00				
						$ 8,834,000.00	$ 1,200,000.00	$ 7,634,000.00
Construction of a New Primary School (K-2)	6/1/2003	$ 6,183,000.00	6/1/2011	250,000.00	3.200%			
			6/1/2012	280,000.00	3.200%			
			6/1/2013	300,000.00	3.200%			
			6/1/2014	320,000.00	3.200%			
			6/1/2015	350,000.00	3.250%			
			6/1/2016	360,000.00	3.300%			
			6/1/2017	380,000.00	3.375%			
			6/1/2018	400,000.00	3.450%			
			6/1/2019	400,000.00	3.650%			
			6/1/2020	420,000.00	3.750%			
			6/1/2021	425,000.00	3.800%			
			6/1/2022	440,000.00	3.900%			
			6/1/2023	458,000.00	4.000%	5,033,000.00	250,000.00	4,783,000.00
Total						$ 13,867,000.00	$ 1,450,000.00	$ 12,417,000.00

Exhibit I-2

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF OBLIGATIONS UNDER OPERATING LEASE
JUNE 30, 2010
(FOR INFORMATION PURPOSES ONLY)

Series	Interest Rate Payable	Amount of Original Issue	Amount Outstanding July 1, 2009	Retired Current Year
2005 - Office and Classroom Furniture	3.51%	$ 300,000.00	$ 65,957.49	$ 65,957.49
Total			$ 65,957.49	$ 65,957.49

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 1,516,832.00		$ 1,516,832.00	$ 1,516,832.00	
Total - Local Sources	$ 1,516,832.00		$ 1,516,832.00	$ 1,516,832.00	
State Sources:					
Debt Service Aid Type II	$ 521,528.00		$ 521,528.00	$ 521,528.00	
Total - State Sources	$ 521,528.00		$ 521,528.00	$ 521,528.00	
Total Revenues	$ 2,038,360.00		$ 2,038,360.00	$ 2,038,360.00	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	$ 588,360.00		$ 588,360.00	$ 588,360.00	
Redemption of Principal	1,450,000.00		1,450,000.00	1,450,000.00	
Total Regular Debt Service	$ 2,038,360.00		$ 2,038,360.00	$ 2,038,360.00	
Total Expenditures	$ 2,038,360.00		$ 2,038,360.00	$ 2,038,360.00	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30					
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures:					
Budgeted Fund Balance					

STATISTICAL TABLES (SECTION)

(UNAUDITED)

SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INTRODUCTION TO STATISTICAL TABLES (SECTION)
(UNAUDITED)

Contents — **Exhibit**

Financial Trends — **J-1 to J-5**

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

Revenue Capacity — **J-6 to J-9**

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

Debt Capacity — **J-10 to J-13**

These schedules contain information to help the reader assess the district's outstanding debt.

Demographic and Economic Information — **J-14 & J-15**

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

Operating Information — **J-16 to J-20**

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

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

FINANCIAL TRENDS

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
NET ASSETS BY COMPONENT
LAST EIGHT (8) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	$ 5,561,452	$ 7,327,953	$ 11,844,450	$ 12,236,110	$ 12,638,310	$ 13,131,801	$ 13,809,519	$ 14,457,360
Restricted	7,442,057	6,125,145	1,238,551	1,025,345	1,402,596	830,938	1,380,109	64,211
Unrestricted	83,000	(369,244)	113,031	(180,463)	(556,346)	(323,488)	(255,513)	244,095
Total governmental activities net assets	$ 13,086,509	$ 13,083,854	$ 13,196,032	$ 13,080,992	$ 13,484,560	$ 13,639,251	$ 14,934,116	$ 14,765,666
Business-type activities								
Invested in capital assets, net of related debt	$ 123,104	$ 117,559	$ 106,034	$ 116,164	$ 115,551	$ 111,867	$ 94,340	$ 89,079
Unrestricted	67,644	6,682	72,400	45,594	32,867	65,432	97,565	155,875
Total business-type activities net assets	$ 190,747	$ 124,241	$ 178,434	$ 161,758	$ 148,418	$ 177,299	$ 191,905	$ 244,954
District-wide								
Invested in capital assets, net of related debt	$ 5,684,555	$ 7,445,512	$ 11,950,484	$ 12,352,274	$ 12,753,861	$ 13,243,668	$ 13,903,859	$ 14,636,439
Restricted	7,442,057	6,125,145	1,238,551	1,025,345	1,402,596	830,938	1,380,109	64,211
Unrestricted	150,644	(362,562)	185,431	(134,870)	(523,479)	(258,056)	(157,947)	399,970
Total district net assets	$ 13,277,256	$ 13,208,095	$ 13,374,466	$ 13,242,749	$ 13,632,978	$ 13,816,550	$ 15,126,021	$ 15,100,620

Source: CAFR Exhibit A-1.

Note: Only the last six years of information are presented as GASB 34 was implemented during fiscal year ended June 30, 2003.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGES IN NET ASSETS
LAST EIGHT (8) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities								
Instruction								
Regular	$ 9,123,933	$ 9,487,351	$ 9,853,397	$ 10,117,378	$ 10,921,317	$ 11,315,787	$ 11,023,816	$ 12,268,142
Special education	1,345,723	1,437,261	1,449,396	1,392,826	1,844,808	2,036,733	2,198,879	2,625,934
Other special education		385,760	383,623	472,822	403,482	466,624	710,525	693,288
Other instruction	1,590,398	1,222,368	1,252,668	746,228	789,138	833,832	799,102	832,589
Support Services:								
Tuition	1,359,833	1,560,250	1,490,491	1,699,456	1,486,743	1,415,132	1,450,886	1,324,093
Student & Instruction related services	1,893,103	2,033,543	2,443,362	3,244,595	3,443,675	3,855,256	3,831,323	4,037,049
School Administrative services	1,103,408	1,198,970	1,210,296	1,075,416	783,045	1,460,436	1,022,191	1,672,687
General administration	1,014,308	1,034,739	1,101,790	1,056,561	1,432,094	940,667	1,229,571	1,103,919
Central Services			41,026	257,783	269,002	274,716	296,588	
Plant operations and maintenance	1,720,070	1,866,138	2,014,112	2,596,359	2,654,028	3,050,994	3,071,578	3,381,306
Pupil transportation	1,027,849	1,106,783	1,026,299	1,349,231	1,220,497	1,379,223	1,318,462	1,433,134
Other support services					110,098	139,326	136,889	
Charter Schools					11,106	3,643	-	
Interest on long-term debt	770,606	923,565	877,966	819,779	775,202	709,342	648,023	582,693
Total governmental activities expenses	$ 20,949,233	$ 22,256,728	$ 23,144,426	$ 24,828,434	$ 26,144,235	$ 27,881,713	$ 27,737,835	$ 29,954,834
Business-type activities:								
Food service	$ 623,356	$ 625,895	$ 643,173	$ 639,503	$ 676,883	$ 748,287	$ 766,623	$ 778,674
Total business-type activities expense	$ 623,356	$ 625,895	$ 643,173	$ 639,503	$ 676,883	$ 748,287	$ 766,623	$ 778,674
Total district expenses	$ 21,572,589	$ 22,882,623	$ 23,787,600	$ 25,467,936	$ 26,821,118	$ 28,630,000	$ 28,504,458	$ 30,733,508

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGES IN NET ASSETS
LAST EIGHT (8) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Program Revenues								
Governmental activities:								
Charges for services:								
Instruction (tuition)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pupil transportation								
Central and other support services								
Special schools								
Operating grants and contributions	2,339,808	2,343,210	2,476,441	2,478,622	2,515,990	2,523,019	1,974,129	2,323,220
Capital grants and contributions	-							
Total governmental activities program revenues	2,339,808	2,343,210	2,476,441	2,478,622	2,515,990	2,523,019	1,974,129	2,323,220
Business-type activities:								
Charges for services								
Food service	$ 387,026	$ 399,534	$ 399,472	$ 392,838	$ 423,847	$ 461,481	$ 442,057	$ 420,478
Operating grants and contributions	211,431	208,855	228,894	219,989	229,696	273,224	339,172	411,245
Total business type activities program revenues	598,457	608,389	628,366	612,827	653,543	734,705	781,229	831,723
Total district program revenues	$ 2,938,265	$ 2,951,599	$ 3,104,807	$ 3,091,448	$ 3,169,533	$ 3,257,724	$ 2,755,358	$ 3,154,943
Net (Expense)/Revenue								
Governmental activities	$ (18,609,425)	$ (19,913,518)	$ (20,667,985)	$ (22,349,812)	$ (23,628,245)	$ (25,358,694)	$ (25,763,707)	$ (27,631,614)
Business-type activities	(24,899)	(17,506)	(14,807)	(26,676)	(23,340)	(13,582)	14,606	53,049
Total district-wide net expense	$ (18,634,324)	$ (19,931,024)	$ (20,682,793)	$ (22,376,488)	$ (23,651,585)	$ (25,372,276)	$ (25,749,101)	$ (27,578,565)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes levied for general purposes, net	$ 9,093,886	$ 8,832,833	$ 9,260,421	$ 10,439,255	$ 11,306,839	$ 11,908,593	$ 11,908,593	$ 11,908,593
Taxes levied for debt service	891,810	1,370,188	1,429,857	1,466,914	1,528,212	1,485,340	1,475,444	1,516,832
Unrestricted grants and contributions	8,476,971	9,507,373	9,789,688	10,025,457	10,797,584	11,912,306	13,019,525	13,711,598
Restricted grants	3,220,920	-	2,792,683	90,040	-	-	-	
Tuition Received	-	-	-	-	-	28,906	68,648	34,640
Investment earnings	26,988	106,092	109,732	118,816	168,083	131,285	70,577	19,670
Miscellaneous income	874,611	123,014	264,167	65,454	241,094	76,955	502,410	361,831
Transfers	(10,000)	(26,635)	(10,000)	(10,000)	(10,000)	(30,000)	-	
Special and extraordinary revenue	-	-	26,340	38,835			13,374	
Total governmental activities	$ 22,575,186	$ 19,910,864	$ 23,662,888	$ 22,234,772	$ 24,031,812	$ 25,513,385	$ 27,058,571	$ 27,553,164

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGES IN NET ASSETS
LAST EIGHT (8) FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets (Continued)								
Business-type activities:								
Special and extraordinary revenue						$ 12,463	$ -	$ -
Transfers	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	30,000	-	-
Total business-type activities	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 42,463	$ -	$ -
Total district-wide	$ 22,585,186	$ 19,920,864	$ 23,672,888	$ 22,244,772	$ 24,041,812	$ 25,555,848	$ 27,058,571	$ 27,553,164
Change in Net Assets								
Governmental activities	$ 3,965,761	$ (2,654)	$ 2,994,902	$ (115,040)	$ 403,567	$ 154,691	$ 1,294,865	$ (78,450)
Business-type activities	(14,899)	(7,506)	(4,807)	(16,676)	(13,340)	28,881	14,606	53,049
Total district	$ 3,950,862	$ (10,160)	$ 2,990,095	$ (131,716)	$ 390,227	$ 183,572	$ 1,309,471	$ (25,401)

Source: CAFR Exhibit A-2.

Note: Only the last six years of information are presented as GASB 34 was implemented during fiscal year ended June 30, 2003.

Exhibit J-3

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT (8) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	$ 1,920,028	$ 665,349	$ 601,394	$ 415,527	$ 370,072	$ 790	$ 100,812	$ 64,211
Unreserved	788,497	1,623,527	1,386,939	976,856	1,002,240	1,058,479	1,514,414	761,129
Total general fund	$ 2,708,525	$ 2,288,875	$ 1,988,333	$ 1,392,383	$ 1,372,312	$ 1,059,269	$ 1,615,226	$ 825,340
All Other Governmental Funds								
Reserved	$ 626,384	$ 10,130,813	$ 90,040				$ -	$ -
Unreserved, reported in:							-	-
Special revenue fund	(35,070)	(30,209)	(23,860)	$ (18,231)	$ (20,275)	$ (34,358)	-	-
Capital projects fund	11,104,243	112,380					-	-
Debt service fund	9,472	74,682		1	1		-	-
Total all other governmental funds	$ 11,705,028	$ 10,287,666	$ 66,180	$ (18,230)	$ (20,274)	$ (34,358)	$ -	$ -

Source: CAFR Exhibit B-1.

Note: Only the last six years of information are presented as GASB 34 was implemented during fiscal year ended June 30, 2003.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax levy	$ 10,124,641	$ 9,855,488	$ 9,985,696	$ 10,203,021	$ 10,690,278	$ 11,906,169	$ 12,835,051	$ 13,393,933	$13,384,037	$13,425,425
Tuition								28,906	68,648	34,640
Interest earnings	205,892	146,603	91,319	106,091	109,732	118,816	168,083	131,285	70,577	
Miscellaneous	225,100	84,073	811,542	123,014	264,166	83,613	241,094	76,954	502,911	387,547
State sources	8,843,038	9,303,025	13,049,727	10,900,410	11,190,979	11,408,198	12,208,603	13,502,406	13,827,611	12,555,940
Federal sources	513,058	936,601	984,012	950,173	1,075,150	1,077,722	1,104,971	932,920	1,165,542	3,472,832
Total revenue	19,911,729	20,325,789	24,922,296	22,282,709	23,330,306	24,594,518	26,557,802	28,066,404	29,019,326	29,876,384
Expenditures										
Instruction										
Regular Instruction	6,054,213	7,315,989	7,175,619	7,208,327	7,502,693	7,540,033	7,903,164	8,152,678	8,389,684	9,299,999
Special education instruction	1,002,088	1,008,338	1,037,760	1,065,584	1,071,055	1,015,918	1,290,288	1,414,692	1,638,658	1,933,694
Other special instruction	322,086	252,043	270,318	285,913	283,487	331,344	282,178	324,111	529,501	510,526
Other instruction	439,310	465,891	1,025,719	981,410	1,015,720	535,868	551,870	579,188	595,511	613,105
Support Services:										
Tuition	1,174,328	1,271,569	1,359,833	1,560,250	1,490,491	1,699,456	1,486,743	1,415,132	1,450,886	1,324,093
Student & inst. related services	1,924,797	2,028,858	1,459,595	1,524,178	1,805,566	2,380,068	2,522,255	2,813,105	2,912,013	3,048,110
General administration	450,972	447,382	537,228	405,483	485,330	491,824	466,704	569,454	761,762	812,907
School administrative services	767,618	826,755	850,738	888,828	883,685	951,195	1,001,455	1,014,382	825,914	1,231,739
Central services					41,026	257,783	269,002	274,716	311,417	
Plant operations and maintenance	1,243,589	1,309,199	1,326,353	1,383,544	1,488,385	1,863,644	1,856,003	2,119,149	2,289,015	2,489,937
Pupil transportation	692,156	738,039	792,581	820,662	758,417	969,225	852,507	958,447	982,550	1,055,336
Other Support Services	214,298	233,724	244,897	345,344	328,854	77,000	77,000	96,764	102,013	
Employee benefits	2,420,591	2,142,129	3,370,372	4,158,488	4,465,329	5,032,059	5,893,993	6,508,700	5,441,565	6,134,831
Special Schools	23,827	11,626								
Charter Schools		15,912	8				11,106	3,643		
Capital outlay	950,569	614,015	977,994	1,654,395	10,209,982	159,334	51,460	125,038	215,302	173,633
Debt service:										
Principal	725,000	775,000	775,000	900,000	1,130,000	1,130,000	1,280,000	1,280,000	1,330,000	1,450,000
Interest and other charges	832,325	794,825	756,075	927,315	882,315	830,128	774,190	714,330	653,220	588,360
Total expenditures	19,237,766	20,251,295	21,960,090	24,109,720	33,842,333	25,264,878	26,569,918	28,363,529	28,429,012	30,666,270
Excess (Deficiency) of revenues over (under) expenditures	673,963	74,495	2,962,206	(1,827,012)	(10,512,028)	(670,360)	(12,116)	(297,125)	590,314	(789,886)

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other Financing sources (uses)										
Proceeds from borrowing			6,183,000							
Capital leases (non-budgeted)										
Proceeds from refunding										
Payments to escrow agent										
Transfers in										
Transfers out		(27,097)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(30,000)		
Total other financing sources (uses)	-	(27,097)	6,173,000	(10,000)	(10,000)	(10,000)	(10,000)	(30,000)	-	
Net change in fund balances	$ 673,963	$ 47,398	$ 9,135,206	$ (1,837,012)	$ (10,522,028)	$ (680,360)	$ (22,116)	$ (327,125)	$ 590,314	$ (789,886)
Debt service as a percentage of noncapital expenditures	8.52%	7.99%	7.30%	8.14%	8.52%	7.81%	7.75%	7.06%	7.03%	6.68%

Source: District records

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

Exhibit J-5

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN (10) FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	Miscellaneous	Athletic Events	Refund of Prior Year Expenditures	Tuition	Annual Totals
2001	$ 205,892	$ 14,548	$ 9,118	$ 49,906		$ 279,464
2002	146,603	30,065	11,296	41,408		229,372
2003	91,319	648,563	9,352	2,894		752,127
2004	37,215	103,227	7,769	12,018		160,229
2005	59,933	98,507	9,410	148,414	$ 7,835	324,099
2006	115,303	40,925	5,631	18,899	18,158	198,916
2007	168,083	98,995	8,350	128,228	3,864	407,520
2008	131,285	64,586	6,657	5,711	28,906	237,145
2009	70,577	43,877	5,220	453,314	-	572,988
2010	19,310	67,856	5,836	253,858	34,640	381,500

Source: District records

REVENUE CAPACITY

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities [a]	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate [b]
2001	$ 4,289,300	$ 354,537,700	-	-	$ 24,802,600	$ 22,751,300	$9,190,600	$ 415,571,500	$ 713,557	$ 46,583,700	$ 462,868,757	$ 767,291,134	2.369
2002	3,241,700	361,455,700	-	-	24,976,900	22,751,300	9,323,900	421,749,500	651,876	46,178,300	468,579,676	826,355,050	2.366
2003	3,362,800	362,597,700	-	-	25,162,000	22,756,300	9,323,900	423,222,700	595,333	46,055,000	469,873,033	927,331,716	2.409
2004	3,579,600	363,915,600	-	-	25,712,800	22,756,300	9,323,900	425,288,200	539,466	45,728,800	471,556,466	1,070,188,417	2.510
2005	3,545,100	365,196,100	-	-	26,019,400	22,637,500	9,551,200	426,949,300	414,928	45,955,100	473,319,328	1,219,748,003	2.767
2006	3,118,900	366,449,200	-	-	26,745,200	19,491,400	9,726,700	425,531,400	329,896	48,010,000	473,871,296	1,384,822,301	3.015
2007	3,317,000	367,922,900	-	-	25,623,500	19,514,000	9,644,200	426,021,600	293,382	47,862,000	474,176,982	1,602,062,347	3.144
2008	3,482,600	368,031,400	-	-	25,641,000	19,514,000	9,675,200	426,344,400	284,126	50,736,800	477,367,326	1,719,884,764	3.136
2009	3,372,100	368,722,400	-	-	25,533,400	19,303,000	9,572,300	426,503,200	308,699	50,705,400	477,517,299	1,676,492,016	3.145
2010	3,001,300	368,742,000	-	-	25,338,600	19,287,600	8,906,300	425,276,000	318,179	50,809,400	476,403,579	1,620,353,673	3.281

Source: Municipal Tax Assessor

Note: 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 the County Board of Taxation requests Treasury to order a reassessment

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per $100 of assessed valuation

Exhibit J-7

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

(rate per $100 of assessed value)

	Borough of South River School District Direct Rate			Overlapping Rates		
Fiscal Year Ended June 30,	Basic Rate [a]	General Obligation Debt Service [b]	(From J-6) Total Direct School Tax Rate	Municipality of South River	County of Middlesex	Total Direct and Overlapping Tax Rate
2001	2.122	0.247	2.369	1.098	0.733	4.200
2002	2.155	0.211	2.366	1.148	0.796	4.310
2003	2.086	0.323	2.409	1.195	0.846	4.450
2004	2.175	0.335	2.510	1.252	0.898	4.660
2005	2.444	0.343	2.787	1.477	0.906	5.170
2006	2.657	0.358	3.015	1.548	0.967	5.530
2007	2.795	0.349	3.144	1.626	1.080	5.850
2008	2.791	0.345	3.136	1.943	1.198	6.277
2009	2.790	0.355	3.145	1.938	1.166	6.249
2010	2.910	0.370	3.281	1.987	1.133	6.401

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
b Rates for debt service are based on each year's requirements.

Exhibit J-8

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN (10) YEARS AGO
(UNAUDITED)

	2009				2000		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Lit Northend LLC	$ 13,780,000	1	3.23%	Industrial Development and Leasing Corp	$ 11,465,000	1	2.76%
East Coast Leonardine Village Green	2,350,000	2	0.55%	Leonardine Associates LLC	2,500,000	2	0.60%
Emmess Apts Ltd.	1,671,000	3	0.28%	Emmess Apts., Ltd.	1,890,000	3	0.45%
Leonardine Associates LLC	1,200,000	4	0.39%	Robert J. Korner	1,716,000	4	0.41%
425 Whitehead LLC	980,000	5	0.23%	425 Whitehead LLC	980,000	5	0.24%
Sherwood Court	765,000	6	0.18%	Felmore Associates	900,000	6	0.22%
Felmore Associates	700,000	7	0.16%	Sherwood Court	765,000	7	0.18%
M&C Bram	662,400	8	0.16%	Marion and Claire Brahm	662,400	8	0.16%
P&B Dinicola	622,500	9	0.15%	Diosnorides Diaz	630,000	9	0.15%
Rite Aid	575,700	10	0.13%	Patrick and Barbara Dinicola	622,500	10	0.15%
Total	$ 23,306,600		5.46%		$ 22,130,900		5.32%

Source: Municipal Tax Assessor

Total Assessed Valuation	$ 425,276,000	$ 426,503,200

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy [a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	$ 10,124,641	$ 10,124,641	100.00%	-
2002	9,855,488	9,855,488	100.00%	-
2003	9,985,696	9,985,696	100.00%	-
2004	10,690,277	10,690,277	100.00%	-
2005	10,203,021	10,203,021	100.00%	-
2006	11,906,170	11,906,170	100.00%	-
2007	12,835,051	12,835,051	100.00%	-
2008	13,393,933	13,393,933	100.00%	-
2009	13,384,037	13,384,037	100.00%	-
2010	13,425,425	13,425,425	100.00%	-

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

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

DEBT CAPACITY

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

	Governmental Activities				Business-Type Activities			
Fiscal Year Ended June 30,	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2001	$ 16,284,000	$ -		$ -	$ -	$ 16,284,000	4.48%	1,063
2002	15,509,000	-		-	-	15,509,000	4.27%	1,012
2003	20,917,000	-		-	-	20,917,000	5.76%	1,365
2004	20,017,000	-		-	-	20,017,000	5.51%	1,306
2005	18,887,000	-		-	-	18,887,000	5.20%	1,233
2006	17,757,000	-		-	-	17,757,000	4.89%	1,159
2007	16,477,000	-		-	-	16,477,000	4.55%	1,075
2008	15,197,000	-		-	-	15,197,000	4.20%	992
2009	13,867,000	-		-	-	13,867,000	3.82%	905
2010	12,417,000	-		-	-	12,417,000	3.42%	810

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

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

Exhibit J-11

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

	General Bonded Debt Outstanding				
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2001	$ 16,284,000	$ -	$ 16,284,000	3.91%	$ 1,063
2002	15,509,000	-	15,509,000	3.67%	1,012
2003	20,917,000	-	20,917,000	4.94%	1,365
2004	20,017,000	-	20,017,000	4.70%	1,306
2005	18,887,000	-	18,887,000	4.42%	1,233
2006	17,757,000	-	17,757,000	4.17%	1,159
2007	16,477,000	-	16,477,000	3.86%	1,075
2008	15,197,000	-	15,197,000	3.60%	992
2009	13,867,000	-	13,867,000	3.44%	905
2010	12,417,000	-	12,417,000	2.92%	810

Notes:

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Borough of South River	$ 22,734,193	100.000%	$ 22,734,193
County of Middlesex	628,889,744	1.4497%	9,117,015
Other debt			None -
Subtotal, overlapping debt			31,851,208
Borough of South River District Direct Debt			12,417,000
Total direct and overlapping debt			$ 44,268,208

Sources: Assessed value data used to estimate applicable percentages provided by the Middlesex County Board of Taxation.
Debt outstanding data provided by each governmental unit.

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

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

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
LEGAL DEBT MARGIN INFORMATION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2008

Equalized valuation basis	
2010	$ 1,562,365,907
2009	1,616,767,248
2008	1,674,565,593
	$ 4,853,698,748
Average equalized valuation of taxable property	$ 1,617,899,583
Debt limit (4 % of average equalization value)	64,715,983 a
Total Net Debt Applicable to Limit	12,417,000
Legal debt margin	$ 52,298,983

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	$ 27,265,045	$ 29,478,675	$ 32,762,565	$ 37,092,686	$ 42,453,703	$ 55,767,602	$ 62,466,019	$ 66,364,887	$ 66,687,682	$ 64,715,983
Total net debt applicable to limit	16,284,000	15,509,000	20,917,000	20,017,000	18,887,000	17,757,000	16,477,000	15,197,000	13,867,000	12,417,000
Legal debt margin	$ 10,981,045	$ 13,969,675	$ 11,845,565	$ 17,075,686	$ 23,566,703	$ 38,010,602	$ 45,989,019	$ 51,167,887	$ 52,820,682	$ 52,298,983
Total net debt applicable to the limit as a percentage of debt limit	59.72%	52.61%	63.84%	53.96%	44.49%	31.84%	26.38%	22.90%	20.79%	19.19%

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

Exhibit J-14

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Year	Population [a]	Personal Income [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2001	15,322	362,886,248	23,684	4.20%
2002	15,322	362,886,248	23,684	6.20%
2003	15,322	362,886,248	23,684	6.10%
2004	15,322	362,886,248	23,684	5.40%
2005	15,322	362,886,248	23,684	6.50%
2006	15,322	362,886,248	23,684	6.60%
2007	15,322	362,886,248	23,684	5.80%
2008	15,322	362,886,248	23,684	5.80%
2009	15,322	362,886,248	23,684	4.10%
2010	15,322	362,886,248	23,684	11.90%

Source:

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

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

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

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

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN (10) YEARS AGO
(UNAUDITED)

	2010			2000		
Employer	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
South River Board of Education	245	1	0.00%	166	3	0.00%
Borough of South River	104	2	0.00%	205	2	0.00%
U.S. Postal Service	26	3	0.00%	-		0.00%
Wawa	18	4	0.00%	-		0.00%
Rite Aid	9	5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
R&S Strauss	-		-	230	1	0.00%
W.W. Henry Co.	-		-	58	4	0.00%
IDM Environmental Corporation	-		-	50	5	0.00%
	402		0.00% (1)	709		0.00%

Source: Borough of South River

(1) Total employment within Municipality not available from authoritative source.

OPERATING INFORMATION

Exhibit J-16

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX (6) FISCAL YEARS
(UNAUDITED)

Function/Program	2005	2006	2007	2008	2009	2010
Instruction						
Regular	142.5	143.5	145.0	145.0	157.0	173.0
Special education	17.0	13.0	13.0	11.0	9.0	6.0
Other special education	-	-	-	-	-	-
Vocational	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-
	-	-	-	-	-	-
Support Services:						
Student & instruction related services	28	31	30	32	32	25
General administration	3	3	3	3	3	3
School administrative services	16	16	16	16	16	16
Other administrative services						
Central services	5	5	5	5	5	5
Administrative Information Technology						
Plant operations and maintenance	8	8	8	8	8	8
Pupil transportation						
Other support services	6	6	6	6	6	6
Special Schools	-	-	-			
Food Service						
Child Care						
Total	225.50	225.50	226.00	226.00	236.00	242.00

Source: District Personnel Records

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
OPERATING STATISTICS
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil [d]	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
						Primary (K-2) [e]	Elementary (3-5)	Middle School (6-8)	Senior High School				
2001	2,058	16,729,872	8,129	1.73%	162.00		1:13	1:19	1:13	2079.9	1,919	8.05%	92.26%
2002	2,152	18,067,455	8,396	3.28%	175.00		1:23	1:22	1:29	2141.0	2,004	2.94%	93.58%
2003	2,224	19,511,021	8,773	4.49%	177.00		1:23	1:22	1:22	2192.0	2,055	2.38%	93.75%
2004	2,202	20,628,010	9,368	6.78%	177.00		1:23	1:22	1:22	2194.0	2,048	0.09%	93.35%
2005	2,165	21,620,037	9,986	6.60%	182.00		1:21	1:23	1:21	2158.0	2,035	-1.64%	94.30%
2006	2,136	23,145,417	10,836	8.51%	183.00	1:20	1:25	1:22	1:18	2124.0	1,983	-1.58%	93.36%
2007	2,161	24,464,268	11,321	4.48%	183.00	1:19	1:23	1:26	1:17	2021.0	2,015	-4.85%	99.70%
2008	2,217	26,244,162	11,838	4.57%	181.00	1:19	1:23	1:26	1:17	2191.0	2,052	8.41%	93.66%
2009	2,264	26,230,490	11,586	-2.13%	181.00	1:21	1:21	1:25	1:17	2239.0	2,117	2.19%	94.55%
2010	2,343	28,454,276	12,144	4.82%	173.00	1:19	1:19	1:17	1:17	2298.0	2,170	2.64%	94.43%

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.
b Teaching staff includes only full-time equivalents of certificated staff.
c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
d Cost per pupil calculated by dividing operating expenditures by enrollment; not intended to represent the statutory calculation of cost per pupil.
e Primary School opened 2005-2006.

Exhibit J-18

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHOOL BUILDING INFORMATION
LAST TEN (10) FISCAL YEARS
(UNAUDITED)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
District Building										
Primary (2005)										
Square Feet	N/A	N/A	N/A	N/A	N/A	58,350	58,350	58,350	58,350	58,350
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	440	440	440	440	440
Enrollment	N/A	N/A	N/A	N/A	N/A	438	484	446	503	474
Elementary (1997)										
Square Feet	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770
Capacity (Students)	540	540	540	540	540	540	540	540	540	540
Enrollment	836	838	876	886	843	538	524	618	580	622
Middle School (1997)										
Square Feet	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180
Capacity (Students)	559	559	559	559	559	559	559	559	559	559
Enrollment	665	672	689	686	695	548	542	547	564	552
High School (1957)										
Square Feet	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768
Capacity (Students)	625	625	625	625	625	625	625	625	625	625
Enrollment	579	631	627	622	620	600	584	606	617	642
Other										
Central Administration										
Square Feet	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274

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

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the end of fiscal year district count.

Exhibit J-19

BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST EIGHT (8) FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx
11-000-262-xxx

	* School Facilities Project # (s)	High School	Middle School	Elementary School	K-2 Primary School	Administration Office	Total
2003	N/A	$ 333,033	$ 234,623	$ 259,225		$ 10,730	$ 837,611
2004	N/A	338,033	239,623	262,360		8,201	848,217
2005	N/A	340,503	245,223	248,759		5,750	840,235
2006	N/A	326,913	280,500	281,500	$ 118,000	11,054	1,017,967
2007	N/A	303,845	298,843	288,843	140,443	10,907	1,042,881
2008	N/A	384,802	290,127	298,802	165,646	10,500	1,149,877
2009	N/A	306,720	223,881	278,820	219,940	17,564	1,046,925
2010	N/A	241,132	196,719	255,272	181,945	21,214	896,282
Total School Facilities		$ 2,574,981	$ 2,009,539	$ 2,173,581	$ 258,443	$ 95,920	$ 5,736,788

* 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

BOARD OF EDUCATION
SOUTH RIVER BOROUGH SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INSURANCE SCHEDULE
JUNE 30, 2010
UNAUDITED

Type of Policy	Coverage		Deductible
MULTI PERIL PACKAGE POLICY			
PROPERTY			
Blanket Building and Contents	$ 66,030,490		$ 5,000
Extra Expense	50,000,000		
Computers and Media	500,000		
ENERGY SYSTEMS			
Boiler and Machinery	100,000		1,000
COMMERCIAL LIABILITY			
Bodily Injury/Property Damage	11,000,000	Each occurrence	
Products and Completed Operation	11,000,000		
Personal Injury/Advertising Inj.	Statutory		
Medical Expense	10,000		
Employee Benefits Liability	11,000,000		
CRIME			
Money and Securities	50,000	Inside/Outside	500
Employee Dishonesty	100,000		500
Forgery or Alteration	100,000		1,000
BUSINESS AUTO			
Bodily Injury/Prop Damage Liab.	11,000,000		
Personal Injury Protection	Statutory		
Medical Payments (PIP)	10,000		
Uninsured/Underinsured	1,000,000		
Comprehensive Deductible			1,000
Collision Deductible			1,000
SCHOOL BOARD LEGAL			
Coverage A			
Limit of Liability	6,000,000		
Each Claim	5,000		
Coverage B			
Limit of Liability	300,000		5,000
Each Claim	100,000		

BOARD OF EDUCATION
SOUTH RIVER BOROUGH SCHOOL DISTRICT
COUNTY OF MIDDLESEX
INSURANCE SCHEDULE
JUNE 30, 2010
UNAUDITED

Type of Policy	Coverage		Deductible
CATASTROPHE ACCESS PLAN			
Limit of Liability	$ 50,000,000		
WORKERS COMPENSATION			
Section B	2,000,000		
ENVIRONMENTAL LIABILITY			
Limit of Liability	1,000,000	Each Loss	$ 10,000
	3,000,000	Aggregate	
STUDENT ACCIDENT			
Limit of Liability	1,000,000		
Interscholastic Sports	10,000,000		
BONDS			
Board Secretary - Ken Kokoszka	25,000		
Treasurer of School Monies - Wayne Kronowski	230,000		

SINGLE AUDIT SECTION

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the Board of Education of the Borough of South River School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 24, 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 Borough of South River School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of South River School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of South River School District's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identifying 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 Board of Education of the Borough of South River School District's basic 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 basic 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 of the Board of Education of the Borough of South River School District and its management, the New Jersey State Department of Education (the cognizant audit agency) and other federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912

SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
November 24, 2010

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable President and Members
of the Board of Education
Borough of South River Board of Education
County of Middlesex, New Jersey

Compliance

We have audited the compliance of the Borough of South River Board of Education, in the County of Middlesex, State of New Jersey with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2010. The Borough of South River, Board of Education's major federal and state programs are identified in the Summary of Auditor's Results Section of the Accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Borough of South River Board of Education's management. Our responsibility is to express an opinion on the Borough of South River 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of South River 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 Borough of South River Board of Education's compliance with those requirements.

In our opinion, the Borough of South River Board of Education, in the County of Middlesex, State of New Jersey complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2010.

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

Internal Control Over Compliance

The management of the Borough of South River Board of Education 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 Borough of South River Board of Education's internal control over compliance with requirements that could have a direct and material effect on its major federal or state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, out 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 Borough of South River School District'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 or state 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 or state 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 the 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 material weaknesses, as defined above. The Borough of South River School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Borough of South River School District's response and, accordingly, express no opinion on it.

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

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

Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912

SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
November 24, 2010

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Award Amount	June 30, 2009 Due to Grantor	June 30, 2009 Deferred Revenue	June 30, 2009 (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year's Balance	June 30, 2010 Deferred Revenue	June 30, 2010 (Accounts Receivable)	June 30, 2010 Due to Grantor
General Fund:														
Medical Assistance Program	93.778	7/1/09-6/30/10	$ 34,157.00					$ 16,149.01	$ (34,157.00)				$ (18,007.99)	
ARRA - ESF	84.394	7/1/09-6/30/10	1,812,915.00					1,812,915.00	(1,812,915.00)					
ARRA - GSF	84.397	7/1/09-6/30/10	70,181.00					70,181.00	(70,181.00)					
Total General Fund								$ 1,899,245.01	$ (1,917,253.00)				$ (18,007.99)	
Enterprise Fund:														
U.S. Department of Agriculture														
Passed-Through State Department of Education:														
Food Distribution Program	10.550	7/1/09-6/30/10	$ 36,733.22					$ 36,733.22	$ (35,958.19)			$ 775.03		
Food Distribution Program	10.550	7/1/08-6/30/09	26,874.58		$ 1,245.76				(1,245.76)					
National School Lunch Program	10.555	7/1/08-6/30/09	281,579.40			$ (58,701.19)		58,701.19						
National School Lunch Program	10.555	7/1/09-6/30/10	336,334.72					308,287.73	(336,334.72)				$ (28,046.99)	
School Breakfast Program	10.553	7/1/09-6/30/10	14,604.34			(3,599.64)		3,599.64						
School Breakfast Program	10.553	7/1/09-6/30/10	20,428.28					18,454.42	(20,428.28)				(1,973.86)	
Total Enterprise Fund					$ 1,245.76	$ (62,300.83)		$ 425,776.20	$ (393,966.95)			$ 775.03	$ (30,020.85)	
Special Revenue Fund:														
U.S. Department of Education:														
Passed-Through State Department of Education:														
Title I, Part A Carryover	84.010A	9/1/08-8/31/09	$ 414,562.00			$ (124,788.84)	$ (3,000.16)	$ 127,789.00						
Title I, Part A Carryover	84.010A	9/1/08-8/31/09	414,562.00				3,000.16		$ (23,947.16)				$ (20,947.00)	
Title I, Part A	84.010A	9/1/09-8/31/10	442,878.00					318,009.00	(416,264.60)				(98,255.60)	
ARRA Title I	84.389A	9/1/09-8/31/11	152,283.00					92,150.00	(125,940.55)				(33,790.55)	
Title I, School Improvement Carryover	84.010A	9/1/08-8/31/09	21,326.00			(20,987.65)	(338.35)	21,326.00						
Title I, School Improvement Carryover	84.010A	9/1/08-8/31/09	21,326.00				338.35		(338.35)					
Title I, School Improvement	84.010A	9/1/09-8/31/10	15,303.00						(13,184.60)				(13,184.60)	
ARRA Title I - SIA	84.389A	9/1/09-8/31/11	17,351.00					8,156.00	(7,983.32)			$ 172.68		
I.D.E.A. Part B Preschool Carryover	84.173A	9/1/08-8/31/09	14,800.00			(5,214.00)		5,358.00				144.00		
I.D.E.A. Part B Preschool	84.173A	9/1/09-8/31/10	14,954.00					13,977.00	(14,954.00)				(977.00)	
ARRA IDEIA PS	84.392A	9/1/09-8/31/11	23,149.00											
I.D.E.A. Part B Carryover	84.027A	9/1/08-8/31/09	523,186.00			(49,492.54)	0.46	49,493.00						
I.D.E.A. Part B Carryover	84.027A	9/1/08-8/31/09	523,186.00				(0.46)		(22,810.00)				(22,809.54)	
I.D.E.A. Part B	84.027A	9/1/09-8/31/10	534,816.00					472,800.00	(502,231.19)				(29,431.19)	
ARRA IDEA Basic	84.391A	9/1/09-8/31/11	641,816.00					210,425.00	(246,011.22)				(35,586.22)	
I.D.E.A. SESAS	84.027A	9/1/09-8/31/10	10,000.00			(255.00)		255.67	(3,656.25)	$ (0.67)			(3,655.58)	
I.D.E.A. SES	84.027A	9/1/09-8/31/10	1,200.00						(237.50)				(237.50)	
I.D.E.A PSC	84.027A	9/1/08-8/31/09	300.00											
Title II, Part A Carryover	84.367A	9/1/08-8/31/09	85,457.00			(12,916.05)		14,277.00	(8,049.58)				(6,686.63)	
Title II, Part A	84.367A	9/1/09-8/31/10	82,610.00					68,087.00	(80,458.67)				(12,371.67)	
Title II, Part D Carryover	84.318X	9/1/08-8/31/09	3,461.00			(117.25)	(0.75)	118.00						
Title II, Part D Carryover	84.318X	9/1/08-8/31/09	3,461.00				0.75		(372.75)				(372.00)	
Title II, Part D	84.318X	9/1/09-8/31/10	4,507.00					3,739.00	(4,046.12)				(307.12)	
Title III, Part A Carryover	84.365A	9/1/08-8/31/09	30,990.00	$ 861.00		(9,141.88)	0.88	9,141.00			861.00			
Title III, Part A Carryover	84.365A	9/1/08-8/31/09	30,990.00				(0.88)		(7,683.94)				(7,684.82)	
Title III, Part A	84.365A	9/1/09-8/31/10	27,904.00					15,986.00	(25,099.40)				(9,113.40)	
Title IV, Part A Carryover	84.186A	9/1/08-8/31/09	9,830.00	1,370.00							1,370.00			
Title IV, Part A Carryover	84.186A	9/1/08-8/31/09	8,756.00			(1,190.71)	(0.29)	1,191.00						
Title IV, Part A Carryover	84.186A	9/1/08-8/31/09	8,756.00				0.29		(995.29)				(995.00)	
Title IV, Part A	84.186A	9/1/09-8/31/10	8,921.00						(7,591.72)				(7,591.72)	

See Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Award Amount	June 30, 2009 Due to Grantor	June 30, 2009 Deferred Revenue	June 30, 2009 (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Year's Balance	June 30, 2010 Deferred Revenue	June 30, 2010 (Accounts Receivable)	June 30, 2010 Due to Grantor
Special Revenue Fund (Continued):														
U.S. Department of Education (Continued):														
Perkins Grant	84.048	7/1/08-6/30/09	11,539.41			$ (11,539.41)		$ 11,540.00		$ (0.59)				
Perkins Grant	84.048	7/1/09-6/30/10	12,713.00					12,713.00	$ (12,713.00)					
Passed-Through Township of East Brunswick Board of Education:														
Adult Basic Education	84.002A	9/1/08-8/31/09	58,241.70			(16,677.87)		16,678.00		(0.13)				
Adult Basic Education	84.002A	9/1/09-8/31/10	45,028.84					42,488.00	(45,028.84)	0.13			(2,540.71)	
Total Special Revenue Fund				$ 2,231.00		$ (252,321.20)		$ 1,515,696.67	$ (1,569,598.05)	$ (1.26)	$ 2,231.00	$ 316.68	$ (306,539.85)	
Total Federal Financial Assistance				$ 2,231.00	$ 1,245.78	$ (314,622.03)		$ 3,840,717.88	$ (3,880,618.00)	$ (1.26)	$ 2,231.00	$ 1,091.71	$ (354,568.69)	

* Represents Inventory.

See Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2009 Due to Grantor	June 30, 2009 Deferred Revenue	June 30, 2009 (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance, June 30, 2010 Deferred Revenue	Balance, June 30, 2010 (Accounts Receivable)	Balance, June 30, 2010 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education															
General Fund:															
Categorical Special Education Aid	10-495-034-5120-011	7/1/09-6/30/10	$ 1,284,048.00					$ 1,284,048.00	$ (1,284,048.00)						$ (1,284,048.00)
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	8,032,656.00					8,032,656.00	(8,032,656.00)						(8,032,656.00)
Categorical Security Aid	10-495-034-5120-084	7/1/09-6/30/10	283,457.00					283,457.00	(283,457.00)						(283,457.00)
Categorical Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	380,601.00					247,391.00	(247,391.00)						(247,391.00)
Extraordinary Aid	09-100-034-5120-473	7/1/08-6/30/09	216,123.00			$ (216,123.00)		216,123.00							
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	223,169.00						(223,169.00)			$ (223,169.00)			(223,169.00)
Nonpublic Transportation	09-495-034-5120-014	7/1/08-6/30/09	15,399.69			(15,399.69)		15,399.69							
Nonpublic Transportation	10-495-034-5120-014	7/1/09-6/30/10	15,795.00						(15,795.00)			(15,795.00)			(15,795.00)
Reimbursed T.P.A.F. Social Security Contribution	10-495-034-5095-002	7/1/09-6/30/10	959,545.03					959,545.03	(959,545.03)						(959,545.03)
Teacher's Pension and Annuity Fund (On-Behalf-Non-Budgeted)	10-495-034-5095-006	7/1/09-6/30/10	39,049.00					39,049.00	(39,049.00)						(39,049.00)
Teacher's Pension and Annuity Fund - Post Retirement Medical	10-495-034-5095-001	7/1/09-6/30/10	733,393.00					733,393.00	(733,393.00)						(733,393.00)
Demonstrably Effective Program Aid	08-495-034-5064-002	7/1/07-6/30/08	446,262.00		$ 7,104.55						$ 7,104.55				
NJ School Development Authority Grant	4920-050-09-1001	7/1/09-6/30/10	57,808.00						(57,808.00)			(57,808.00)			(57,808.00)
Total General Fund					$ 7,104.55	$ (231,522.69)		$ 11,811,061.72	$ (11,876,311.03)		$ 7,104.55	$ (296,772.00)			$ (11,876,311.03)
Enterprise Fund:															
National School Lunch Program	08-100-010-3350-023	7/1/08-6/30/09	$ 14,832.72			$ (3,067.06)		$ 3,067.06							
National School Lunch Program	09-100-010-3350-023	7/1/09-6/30/10	16,331.20					14,991.22	$ (16,331.20)			$ (1,339.98)			$ (16,331.20)
School Breakfast Program	08-100-010-3350-021	7/1/08-6/30/09	1,060.60			(257.60)		257.60							
School Breakfast Program	09-100-010-3350-021	7/1/09-6/30/10	1,417.50					1,282.00	(1,417.50)			(135.50)			(1,417.50)
Total Enterprise Fund						$ (3,324.66)		$ 19,597.88	$ (17,748.70)			$ (1,475.48)			$ (17,748.70)
Debt Service Fund:															
Debt Service Aid Type II	09-100-034-5120-125	7/1/09-6/30/10	$ 521,528.00					$ 521,528.00	$ (521,528.00)						$ (521,528.00)
Total Debt Service Fund								$ 521,528.00	$ (521,528.00)						$ (521,528.00)

See Notes to Schedules of Financial Assistance

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2009 Due to Grantor	June 30, 2009 Deferred Revenue	June 30, 2009 (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance, June 30, 2010 Deferred Revenue	Balance, June 30, 2010 (Accounts Receivable)	Balance, June 30, 2010 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	$ 28,123.00					$ 28,123.00	$ (26,893.44)				$ 1,229.56		$ (26,893.44)
Textbook Aid	09-100-034-5120-064	7/1/08-6/30/09	24,191.00	$ 1,785.51						$ 1,785.51					
Nonpublic Nursing	10-100-034-5120-070	7/1/09-6/30/10	33,350.00					33,350.00	(33,350.00)						(33,350.00)
Auxiliary Services:															
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	54,415.00					54,415.00	(54,415.00)						(54,415.00)
Compensatory Education	09-100-034-5120-067	7/1/08-6/30/09	111,477.00	45,785.18						45,785.18					
English as a Second Language	10-100-034-5120-067	7/1/09-6/30/10	40,321.00					40,321.00	(40,321.00)						(40,321.00)
English as a Second															
Transportation	10-100-034-5120-068	7/1/09-6/30/10	13,426.00					13,426.00	(13,426.00)						(13,426.00)
Handicapped Services:															
Supplemental Instruction	10-100-034-5120-066	7/1/09-6/30/10	25,486.00					25,486.00	(19,911.00)				5,575.00		(19,911.00)
Supplemental Instruction	09-100-034-5120-066	7/1/08-6/30/09	37,996.00	9,912.00						9,912.00					
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	37,104.00					37,104.00	(32,350.26)				4,753.74		(32,350.26)
Examination and Classification	09-100-034-5120-066	7/1/08-6/30/09	56,676.00	18,566.43						18,566.43					
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	8,967.00					8,967.00	(5,380.00)				3,587.00		(5,380.00)
Corrective Speech	09-100-034-5120-066	7/1/08-6/30/09	18,800.00	14,280.00						14,280.00					
Total Special Revenue Fund				$ 90,329.12				$ 241,192.00	$ (226,046.70)	$ 90,329.12			$ 15,145.30		$ (226,046.70)
Total State Financial Assistance				$ 90,329.12	$ 7,104.55	$ (234,847.35)		$ 12,583,379.60	$ (12,641,634.43)	$ 90,329.12	$ 7,104.55	$ (286,247.48)	$ 15,145.30		$ (12,641,634.43)

See Notes to Schedules of Financial Assistance

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2010

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Borough of South River School District. The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules or expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations* and NJ OMB Circular 04-04. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2010

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a reduction of $67,946 for the General Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following:

	Federal	State	Total
General Fund	$ 1,903,233.43	$ 11,808,365.03	$ 13,711,598.46
Special Revenue Fund	1,569,598.05	226,046.70	1,795,644.75
Debt Service Fund		521,528.00	521,528.00
Food Service Fund	17,748.70	393,496.22	411,244.92
	$ 3,490,580.18	$ 12,949,435.95	$ 16,440,016.13

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans outstanding payable to federal or state entities at June 30, 2010.

6. OTHER

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

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		Unqualified, dated November 24, 2010
Internal control over financial reporting:		
1. Material weakness(es) identified?	____ yes	_x_ no
2. Reportable condition(s) identified that are not considered to be material weaknesses?	____ yes	_x_ none reported
Noncompliance material to basic financial statements noted?	____ yes	_x_ no

Federal Awards

Internal control over major programs:		
1. Material weakness(es) identified?	____ yes	_x_ no
2. Reportable condition(s) identified that are not considered to be material weaknesses?	____ yes	_x_ none reported
Type of auditor's report issued on compliance for major programs:		Unqualified, dated November 24, 2010
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	____ yes	_x_ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.027	IDEA Part B
84.010	Title I
84.394	ARRA – ESF
10.550, 10.553, 10.555	National School Lunch & Breakfast

Dollar threshold used to distinguish between Type A and Type B programs:		$300,000.00
Auditee qualified as low-risk auditee?	_x_ yes	____ no

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

State Financial Assistance

Internal control over major programs:

1. Material weakness(es) identified? _____ yes __x__ no

2. Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes __x__ none reported

Type of auditor's report issued on compliance for major programs: Unqualified, dated November 24, 2010

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? _____ yes __x__ no

Identification of major programs:

GMIS Number	Name of State Program or Cluster
10-495-034-5120-011	Categorical Special Education Aid
10-495-034-5095-002	Reimbursed TPAF Social Security Contributions
10-100-034-5120-125	Debt Service Aid
10-495-034-5120-078	Equalization Aid

Dollar threshold used to distinguish between Type A and Type B programs: $ 379,249.00

Auditee qualified as low-risk auditee? __x__ yes _____ no

Section II - Schedule of Financial Statement Findings

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

Section III - Schedule of State Financial Assistance Findings and Questioned Costs

No federal or state award findings or questioned costs noted that are required to be reported in accordance with OMB Circular A-133 or NJ OMB 04-04.

BOARD OF EDUCATION
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT
COUNTY OF MIDDLESEX
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010

FOR THE YEAR ENDED JUNE 30, 2009:

There were no findings for the year ended June 30, 2009.