

**ALPHA BOROUGH SCHOOL
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

ALPHA BOARD OF EDUCATION

ALPHA, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Prepared by

ALPHA BOARD OF EDUCATION

DEPARTMENT OF ADMINISTRATION

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INTRODUCTORY SECTION

Alpha Board of Education

817 North Boulevard
Alpha, NJ 08865
(908) 454-5000

2.0

Donna Medea
Chief School Administrator

Tim Mantz
Board Secretary/SBA

September 11, 2009

Honorable President and
Members of the Board of Education
Alpha School District
County of Warren, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Alpha School District for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introduction, financial, statistical 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 general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular 04-04, "Audits of State and Local Governments", and the state Treasury Circular Letter 98-07 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of the report.

1) REPORTING ENTITY AND ITS SERVICE: Alpha School District is an independent reporting entity within the criteria adopted by the GASB (Governmental Accounting Standards Board) as established by NCGA (National Council of Governmental Accounting) Statement No.3. All funds and account groups of the District are included in this report. The Alpha Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, remedial, and special education for handicapped students. The District completed the 2008-09 fiscal year with an average enrollment of 262 students, which is three (3) students fewer than the previous year's enrollment. The following table details the changes in the

student enrollment of the District over the last six years.
Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2008-2009	262	-3
2007-2008	265	-17
2006-2007	277	+17
2005-2006	260	-4.5
2004-2005	271	-4.6
2003-2004	282	+4.8
2002-2003	271	-1.8
2001-2002	276	-9.5

2) ECONOMIC CONDITION AND OUTLOOK: Alpha School District may soon experience development or expansion. While there has been some decrease in the 2008-09 enrollment, the possibility of new housing units within the next five years could impact our enrollment and cause concern for facility capacity.

The tax ratables in the borough are low because of few commercial properties in the community. As a result, the tax rate is relatively high, with no significant changes expected in the near future.

3) MAJOR INITIATIVES: School objectives are focused on the development of writing skills, language arts skills especially. Students continue to score at or above the state proficiency levels on the NJ Ask and GEPA tests. Language Arts Literacy and Mathematic scores are above the standard needed to achieve adequate yearly progress on these assessments. Security has been enhanced by installing a phone system throughout the building. New math materials were also purchased to support implementation of content standards.

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

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

As part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. In conclusion, maximum effort is exerted to assure total financial accountability at all times. Cost saving initiatives are an ongoing primary concern.

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. The expense classifications are constantly monitored for comparing budgeted to actual expenditures.

Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. When necessary, 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2009.

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: 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.

8) DEBT ADMINISTRATION: At June 30, 2009, the District's outstanding debt was zero.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the 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.

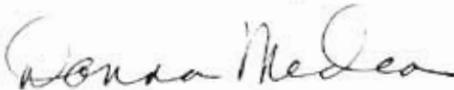
10) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, non-owned automobile liability, hazard and theft insurance on property and contents, and fidelity bonds. Extended Liability coverage exists under an umbrella policy through a cooperative insurance pool.

11) OTHER INFORMATION: Independent Audit - State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William Colantano, Jr., was selected by the Alpha Board of Education to perform the audit for the fiscal year ended June 30, 2006. In addition to meeting the requirements set forth in statute, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related

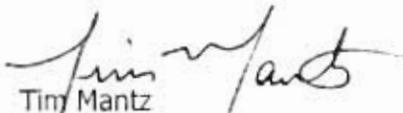
OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report. **2.3**

12) ACKNOWLEDGMENTS: We extend our appreciation to the members of the Alpha Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district, 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,



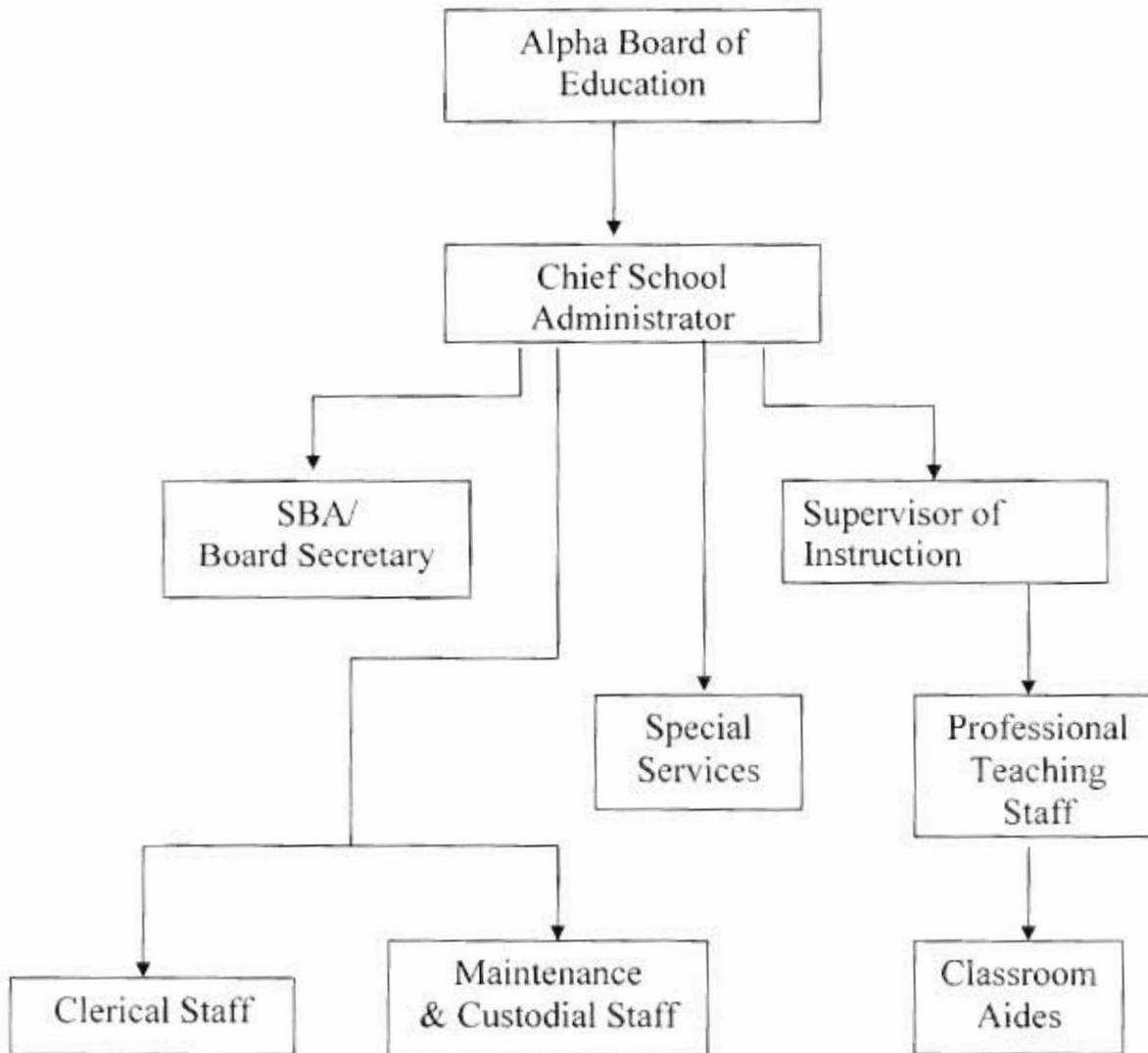
Donna Medea
Chief School Administrator



Tim Mantz
Board Secretary/SBA

Alpha Board of Education

Organization Chart 2008-09



ALPHA BOROUGH SCHOOL
BOARD OF EDUCATION

ROSTER OF OFFICIALS
JUNE 30, 2009

<u>Members of the Board Education</u>		<u>Term Expires</u>
Michael Jenkins	President	2012
Brian Korbobo	Vice President	2012
Robert Melick		2010
Peter Pettinelli		2010
Jacqueline Szekers		2010
Elyse Fahey		2011
Jacqueline Paulus		2011
Loretta Zrinski-Reed		2011
Colleen Wyble		2012
 <u>Other Officials</u>		
Donna Medea	Superintendent	
Tim Mantz	Business Administrator/ Board Secretary	
Lorraine Rossetti	Treasurer	

**ALPHA BOROUGH SCHOOL
BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

AUDIT FIRM

William M. Colantano, Jr., CPA
100 Route 31 North
Washington, NJ 07882-1530

ATTORNEY

Apruzzese, McDermott, Mastro and Murphy
25 Independence Boulevard
PO Box 112
Liberty Corner, NJ 07938

OFFICIAL DEPOSITORY

PNC Bank
Third Avenue & Pohatcong Street
Alpha, NJ 08865

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

September 11, 2009

Honorable President and
Members of the Board of Education
Alpha Borough School District
County of Warren, New Jersey

I 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 Alpha Borough School District in the County of Warren, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Mansfield Township Board of Education management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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 Alpha Borough Board of Education in the County of Warren, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated September 11, 2009 on my consideration of the Alpha Borough Board of Education's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 my audit.

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

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Alpha Borough Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I 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 US Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

**Borough of Alpha School District
Alpha, New Jersey
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

10.0

The discussion and analysis of the Borough of Alpha School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets increased \$568,923.
- General revenues accounted for \$4,917,032; 95.0% percent of all revenues. Program specific revenues in the form of operating grants and contributions, and charges for services, accounted for \$243,681, 5.0% percent of the total revenues of \$5,160,713.
- The school district had \$4,590,581 total expenses; \$243,681 of these expenses were offset by program specific charges, grants or contributions. General revenues (primarily taxes) of \$4,917,032 were adequate to provide for these expenses.
- Among governmental funds, the General Fund had \$4,924,018 in revenues and \$4,439,108 in expenditures. After considering other financing uses of \$159, the General Fund's balance increased \$484,751 from fiscal year 2008.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

Reporting the School District as a Whole Statement of Net Assets and the Statement of Activities

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

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

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

- **Governmental activities** – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation, and extracurricular activities
- **Business-type activities** – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

The School District as a Whole

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

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

Table 1 provides a summary of the District's net assets at 06/30/09 with comparisons to 06/30/08.

Table 1
Net Assets

	6/30/09	6/30/08	Variance	
			Dollars	%
Current & Other Assets	\$ 1,363,032	\$ 812,033	\$ 550,999	67.85
Capital Assets	554,141	466,966	87,175	18.67
Total Assets	<u>1,917,173</u>	<u>1,278,999</u>	<u>638,174</u>	49.90
Long-Term Liabilities	95,035	87,638	7,397	8.44
Other Liabilities	108,955	47,101	61,854	131.32
Total Liabilities	<u>203,990</u>	<u>134,739</u>	<u>69,251</u>	51.40
Net Assets				
Invested in Capital Assets, Net of Related Debt	554,141	466,966	87,175	18.67
Restricted	426,963	126,812	300,151	236.69
Unrestricted	732,079	550,482	181,597	32.99
Total Net Assets	<u>\$ 1,713,183</u>	<u>\$ 1,144,260</u>	<u>\$ 568,923</u>	49.72

Table 2 provides a summary of the District's changes in net assets in fiscal year 2009 with comparisons to 2008.

Table 2
Changes in Net Assets

	6/30/09	6/30/08	Variance	
			Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 66,898	\$ 66,567	\$ 331	0.50
Operating Grants	176,783	197,670	(20,887)	(10.57)
General Revenues:				
Property Taxes	2,748,105	2,765,358	(17,253)	(0.62)
Unrestricted Grants	2,146,742	2,183,883	(37,141)	(1.70)
Other	22,185	59,878	(37,693)	(62.95)
Total Revenues	<u>5,160,713</u>	<u>5,273,356</u>	<u>(112,643)</u>	<u>(2.14)</u>
Program Expenses				
Instruction:				
Regular	1,904,330	1,990,607	(86,277)	(4.33)
Special	479,764	456,035	23,729	5.20
Other	124,336	140,496	(16,160)	(11.50)
Support Services:				
Tuition	460,974	719,298	(258,324)	(35.91)
Student & Instructional Staff	709,918	616,975	92,943	15.06
General & Business Administration	236,922	272,308	(35,386)	(12.99)
School Administration	196,036	181,946	14,090	7.74
Maintenance	285,538	299,071	(13,533)	(4.53)
Transportation	107,227	120,641	(13,414)	(11.12)
Food Service	85,536	96,596	(11,060)	(11.45)
Total Expenses	<u>4,590,581</u>	<u>4,893,973</u>	<u>(303,392)</u>	<u>(6.20)</u>
Increases (Decreases) Before Special Items	<u>570,132</u>	<u>379,383</u>	<u>190,749</u>	<u>50.28</u>
Special Items:				
Loss on Disposal of Capital Assets	(1,050)		(1,050)	100.00
Accounts Receivable Cancelled		(518)	518	(100.00)
Gain (Loss) on Investments	(159)	(225)	66	(29.33)
Total Special Items	<u>(1,209)</u>	<u>(743)</u>	<u>66</u>	<u>(8.88)</u>
Increase (Decrease) in Net Assets	<u>\$ 568,923</u>	<u>\$ 378,640</u>	<u>\$ 190,815</u>	<u>50.39</u>

* = Undefined

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements of annually seeking voter approval for the School District's operations. Property taxes made up 54% percent of revenues for governmental activities for the Borough of Alpha School District for fiscal year 2009. The District's total revenues were \$5,073,961 for the year ended June 30, 2009. Tuition, federal, state and local grants accounted for another 46% percent of revenue. The total cost of all programs and services was \$4,505,045. Instruction comprises 55.7% percent of district expenses while support services comprised 44.3% percent.

Business-type Activities

Revenue from the District's business-type activities (food service program) was comprised of charges for services, and federal and state reimbursements.

- Food Service revenues and other financing sources exceeded expenses and other financing uses by \$1,216.
- Federal and state reimbursement for meals, including payments for free and reduced lunches, and donated commodities was \$29,403.

Government Activities

Table 3 provides a summary of the School District's cost of governmental services in 2008 and 2009.

	Total Cost of Services		Net Cost of Services	
	6/30/09	6/30/08	6/30/09	6/30/08
Instruction	\$ 2,508,430	\$ 2,587,138	\$ 2,445,083	\$ 2,502,013
Support Services:				
Tuition	460,974	719,298	399,056	711,535
Student & Instructional Staff	709,918	616,975	678,533	535,283
General & Business Administration	236,922	272,308	236,629	272,308
School Administration	196,036	181,946	196,036	181,946
Plant Operations & Maintenance	285,538	299,071	285,538	299,071
Pupil Transportation	107,227	120,641	107,227	120,641
Food Service	85,536	96,596	(1,202)	6,939
Total Expenses	\$ 4,590,581	\$ 4,893,973	\$ 4,346,900	\$ 4,629,738

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

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

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

Maintenance includes expenses to keep the school grounds, building and equipment in an effective working condition.

Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities.

The School District's Funds

All governmental funds (e.g., general fund, special revenue fund and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Revenues totaled \$5,072,988 and expenditures were \$4,586,488. 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.

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

Capital Assets

At the end of the fiscal year 2009, the School District has \$554,141 invested in buildings, land, construction in progress, furniture and equipment. Table 4 provides a summary of the District's capital assets net of depreciation at 06/30/09 with comparisons to 06/30/08.

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	6/30/09	6/30/08	Variance	
			Dollars	%
Land	\$ 291,300	\$ 291,300	\$ -	0.00
Land Improvements	89,355		89,355	100.00
Building & Improvements	77,220	79,621	(2,401)	(3.02)
Furniture & Equipment	96,266	96,045	221	0.23
Total	<u>\$ 554,141</u>	<u>\$ 466,966</u>	<u>\$ 87,175</u>	18.67

For the Future

The Borough of Alpha School District is in very good financial condition at this time. The School District is proud of its community support of the public schools. A major concern is the continued reliance on local property taxes as a means of funding. The financial condition of the state is also a concern.

In conclusion, the Borough of Alpha School District has committed itself to financial excellence for many years. Further, the District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors, with a general overview of the School District's finances and to show the School District's accountability for the funds it receives. If you have questions about this report or need additional information, contact the School Business Administrator, in the office of the Alpha Board of Education, 817 North Boulevard, Alpha, NJ 08865.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

ALPHA BOROUGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 803,765	\$ 9,343	\$ 813,108
Investments	585		585
Receivables Net	40,899	1,456	42,355
Internal Balances	73,019	3,257	76,276
Inventory		3,745	3,745
Restricted Assets:			
Capital Reserve Account-Cash	426,963		426,963
Capital Assets, Net (Note 4)	541,296	12,845	554,141
Total Assets	<u>1,886,527</u>	<u>30,646</u>	<u>1,917,173</u>
LIABILITIES			
Accounts Payable	106,128	19	106,147
Payable to Governments	110		110
Deferred Revenue	415	2,283	2,698
Long-Term Liabilities (Note 5):			
Due Within One Year	10,765		10,765
Due Beyond One Year	84,270		84,270
Total Liabilities	<u>201,688</u>	<u>2,302</u>	<u>203,990</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	541,296	12,845	554,141
Restricted-Capital Reserve	426,963		426,963
Unrestricted	716,580	15,499	732,079
TOTAL NET ASSETS	<u>\$ 1,684,839</u>	<u>\$ 28,344</u>	<u>\$ 1,713,183</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

ALPHA BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 801,071	\$ 2,694			\$ 803,765
Investments	585				585
Due from Other Funds	76,276				76,276
Receivables from Other Governments:					
State	40,899				40,899
Restricted Cash & Equivalents	426,963				426,963
TOTAL ASSETS	\$ 1,345,794	\$ 2,694	\$ -	\$ -	\$ 1,348,488
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 103,684	\$ 2,444			\$ 106,128
Due to Other Funds	3,257				3,257
Due to Governments:					
Federal		110			110
Deferred Revenue	275	140			415
Total Liabilities	107,216	2,694	-	-	109,910

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

ALPHA BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Reserved for:					
Encumbrances	\$ 152,336				\$ 152,336
Capital Reserve Account	426,963				426,963
Excess Surplus	590,282				590,282
Unreserved:					
Undesignated	68,997				68,997
Total Fund Balances	<u>1,238,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,238,578</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,345,794</u>	<u>\$ 2,694</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

\$ 1,357,327
(816,031)

541,296

Long-term liabilities, including bonds payable, leases and compensated absences are not due & payable in the current period & therefore are not reported as liabilities in the funds

(95,035)

Total Net Assets of Governmental Activities

\$ 1,684,839

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

ALPHA BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 2,748,105				\$ 2,748,105
Tuition from Individuals	8,000				8,000
Interest Earned on Capital Reserve Funds	151				151
Interest on Investments	21,362				21,362
Miscellaneous	1,248	\$ 1,000			2,248
Total	2,778,866	1,000	\$ -	\$ -	2,779,866
State Sources	2,145,152	2,046			2,147,198
Federal Sources		145,924			145,924
Total Revenues	4,924,018	148,970	-	-	5,072,988
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	1,404,570	18,853			1,423,423
Special Education Instruction	347,415	6,000			353,415
Other Special Instruction	67,934	22,439			90,373
Other Instruction	4,268				4,268
Support Service & Undistributed Costs:					
Tuition	399,056	61,918			460,974
Student & Instruction Related Services	515,156	18,194			533,350
General & Other Administrative Services	219,483				219,483
School Administrative Services	142,362				142,362
Plant Operations & Maintenance	242,656				242,656
Pupil Transportation	107,227				107,227
Unallocated Benefits	886,498	19,976			906,474

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

ALPHA BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay:					
Equipment	\$ 10,837				\$ 10,837
Facilities Acquisition and Construction Services	91,646				91,646
Total Expenditures	<u>4,439,108</u>	<u>\$ 147,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,586,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>484,910</u>	<u>1,590</u>	<u>-</u>	<u>-</u>	<u>486,500</u>
Other Financing Sources (Uses):					
Increase/(Decrease) in Fair Market Value of Investments	<u>(159)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(159)</u>
Net Changes in Fund Balances	<u>484,751</u>	<u>1,590</u>	<u>-</u>	<u>-</u>	<u>486,341</u>
Fund Balances, July 1	<u>753,827</u>	<u>(1,590)</u>	<u>-</u>	<u>-</u>	<u>752,237</u>
Fund Balances, June 30	<u>\$ 1,238,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,238,578</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

ALPHA BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Total Net Changes in Fund Balances-Governmental Fund (from B-2)		\$ 486,341
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlay's exceeds depreciation in the period:		
Capital Outlays	\$ 102,483	
Loss on Disposal of Capital Assets	(1,050)	
Depreciation Expenses	<u>(12,670)</u>	
		88,763
In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		<u>(7,397)</u>
Change in Net Assets of Governmental Activities		<u>\$ 567,707</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

ALPHA BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	<u>Food Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 9,343
Due from Other Funds	3,257
Receivables from Other Governments:	
State	85
Federal	1,371
Inventory	3,745
Total Current Assets	<u>17,801</u>
Noncurrent Assets:	
Capital Assets	46,812
Less: Accumulated Depreciation	<u>33,967</u>
Total Noncurrent Assets	<u>12,845</u>
Total Assets	<u>30,646</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	19
Deferred Revenues	<u>2,283</u>
Total Liabilities	<u>2,302</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	12,845
Unrestricted	<u>15,499</u>
TOTAL NET ASSETS	<u>\$ 28,344</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

ALPHA BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Food Service Total</u>
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 37,063
Daily Sales-Unreimbursable Programs	20,272
Total Operating Revenues	<u>57,335</u>
Operating Expenses:	
Costs of Sales	38,132
Salaries	27,909
Employee Benefits	5,807
Insurance	929
Management Fee	6,988
Other Purchased Services	1,514
General Supplies	2,396
Miscellaneous	273
Depreciation	1,588
Total Operating Expenses	<u>85,536</u>
Operating Income (Loss)	(28,201)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,526
Federal Sources:	
National School Lunch Program	23,892
Food Donation Program	3,985
Interest Income	14
Total Nonoperating Revenues (Expenses)	<u>29,417</u>
Change in Net Assets	1,216
Net Assets, Beginning	<u>27,128</u>
Net Assets, Ending	<u>\$ 28,344</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

ALPHA BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Food Service Total</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 57,335
Payments to Food Service Management Company	(79,711)
Payments to Vendors and Employees	<u>(407)</u>
Net Cash Provided by (Used For) Operating Activities	<u>(22,783)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,508
Federal Sources	23,439
General Fund Interfund Activity	<u>(3,090)</u>
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>21,857</u>
Cash Flows from Investing Activities:	
Interest Income	<u>14</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(912)
Cash and Cash Equivalents, July 1	<u>10,255</u>
Cash and Cash Equivalents, June 30	<u>\$ 9,343</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (28,201)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	1,588
Federal Food Donation Program	3,985
(Increase) Decrease in Inventory	(741)
Increase (Decrease) in Accounts Payable	(741)
Increase (Decrease) in Deferred Revenue	<u>1,327</u>
Net Cash Provided by (Used For) Operating Activities	<u>\$ (22,783)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

ALPHA BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009

	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash & Cash Equivalents	\$ 51,803	\$ 77,100
TOTAL ASSETS	<u>\$ 51,803</u>	<u>\$ 77,100</u>
LIABILITIES		
Due to Other Funds		\$ 76,276
Due to Student Groups	\$ 51,803	
Payroll Deductions & Withholdings		<u>824</u>
TOTAL LIABILITIES	<u>\$ 51,803</u>	<u>\$ 77,100</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-12. The District had an approximate enrollment at June 30, 2009 of 264 students.

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:

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

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

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, 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. All other revenue items are considered to be measurable and available only when the District receives cash.

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District and 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, which are classified in the Capital Outlay sub fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources 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 in the Special Revenue Fund.

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.

ALPHA BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

Proprietary Fund - 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 Funds 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. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; 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.

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

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and 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 are as follows:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

Fiduciary Fund Types

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 government's and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

ALPHA BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types (cont'd)

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

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.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2009 were insignificant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the 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.

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. 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.

F. 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.

G. Tuition Payable

Tuition charges for the fiscal years 2008-2009 and 2007-2008 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term Interfund receivables/payables represents 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.

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2009.

ALPHA BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	35
Building Improvements & Portable Classroom	35
Land Improvements	20
Furniture	20
Musical Instruments	20
Athletic Equipment	10
Audio Visual Equipment	10
Maintenance Equipment	10 to 15
Office Equipment	05 to 10
Computer Equipment	05 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 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 varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Deferred Revenue

Deferred revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Deferred revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2009 consists entirely of the capital reserve fund balance.

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

ALPHA BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 3. DEPOSITS AND 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. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized 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.

NJSA 17:9-41 e.t. 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 saving 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.

Deposits at June 30, 2009 appear in the financial statements as summarized below:

Cash		<u>\$ 1,368,974</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Statement of Net Assets	B-1	\$ 1,230,728
Enterprise Fund, Statement of Net Assets	B-4	9,343
Fiduciary Funds, Statement of Net Assets	H-1	<u>128,903</u>
Total Cash		<u>\$ 1,368,974</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2009 is \$1,368,974 and the bank balance is \$1,446,313. Of the bank balance, \$250,000 is covered by federal depository insurance and \$1,196,313 is insured by GUDPA.

ALPHA BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2009, the district has the following investments.

<u>Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
19.31 Shares of Merck Stock	\$ 540	\$ 540
1 Share of Medco Stock	45	45
	<u>\$ 585</u>	<u>\$ 585</u>

The investments recorded in the basic financial statements have been recorded at their fair market value.

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 291,300			\$ 291,300
Total	<u>291,300</u>	\$ -0-	\$ -0-	<u>291,300</u>
Capital Assets, Being Depreciated:				
Land Improvements		91,646		91,646
Building & Improvements	813,806			813,806
Furniture & Equipment	<u>181,083</u>	<u>10,837</u>	<u>31,345</u>	<u>160,575</u>
Total	<u>994,889</u>	<u>102,483</u>	<u>31,345</u>	<u>1,066,027</u>
Accumulated Depreciation:				
Land Improvements		2,291		2,291
Building & Improvements	734,185	2,401		736,586
Furniture & Equipment	<u>99,471</u>	<u>7,978</u>	<u>30,295</u>	<u>77,154</u>
Total	<u>833,656</u>	<u>12,670</u>	<u>30,295</u>	<u>816,031</u>
Total Capital Assets, Being Depreciated, Net	<u>161,233</u>	<u>89,813</u>	<u>1,050</u>	<u>249,996</u>
Governmental Activities Capital Assets, Net	<u>\$ 452,533</u>	<u>\$ 89,813</u>	<u>\$ 1,050</u>	<u>\$ 541,296</u>
Business-Type Activities:				
Furniture & Equipment	\$ 46,812			\$ 46,812
Less: Accum Depreciation	<u>32,379</u>	<u>\$ 1,588</u>		<u>33,967</u>
Business-Type Activities Capital Assets, Net	<u>\$ 14,433</u>	<u>\$ 1,588</u>	<u>\$ -0-</u>	<u>\$ 12,845</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	\$ 5,189
Special Education	1,046
Other Special Education	268
Co-Curricular Activities	13
Support Services:	
Student & Instruction	3,160
General & Business Admin	1,806
School Administration	422
Plant & Maintenance	<u>766</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 12,670</u>

ALPHA BOROUGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2009 is as Follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences Payable	\$ 87,638	\$ 22,142	\$ 14,745	\$ 95,035	\$ 10,675
Total Governmental Activities Long-Term Liabilities	\$ 87,638	\$ 22,142	\$ 14,745	\$ 95,035	\$ 10,675

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

The general obligation bonded debt of the District is limited by state law to 4.0% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2009 is \$9,279,436. General obligation debt at June 30, 2009 is \$-0-, resulting in a legal debt margin of \$9,279,436.

NOTE 6. PENSION PLANS

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund retirement system 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 Board and the system's other related non-contributing employers. The Public Employees Retirement System is considered a cost sharing multiple-employer plan.

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "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. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was 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 New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contribution of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

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

<u>Year Funding</u>	<u>Post Retirement Benefit Costs</u>	<u>Percentage of APC Contributed</u>
06/30/09	\$ 121,537	100%
06/30/08	283,321	100%
06/30/07	268,126	100%

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements (cont'd)

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
06/30/09	\$ 22,279	100%
06/30/08	16,749	100%
06/30/07	9,465	100%

During the year ended June 30, 2009, the State of New Jersey contributed \$115,484 to the TPAF for post-retirement medical benefits and \$6,053 for the non-contributory insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$151,406 during the year ended June 30, 2009 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 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. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2008, there were 80,181 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2008, the State paid \$116.0 million toward Ch 126 benefits for 12,545 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pension/gasb-43-aug2009.pdf

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

NOTE 8. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403 (b). The plans, which are administered by the entities listed below, permit 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:

Equitable
Lincoln Financial Group

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of interfund balances as of June 30, 2009 is as follows:

	Receivable Fund	Payable Fund
General Fund	\$ 76,276	\$ 3,257
Payroll Agency Fund		76,276
Enterprise Fund	<u>3,257</u>	<u> </u>
Total	<u>\$ 79,533</u>	<u>\$ 79,533</u>

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES (Cont'd)

The balance due to the General Fund from the Payroll Agency Fund represents an advance to the Payroll Agency Fund. The balance due from the General Fund to the Enterprise Fund represents federal and state aid received on behalf of the Enterprise Fund not yet remitted.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2009 consisted of the following:

Food	\$	3,332
Supplies		413
		3,745

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 11. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

NOTE 12. RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit the entire employee deduction of unemployment compensation to the State. Any claims for unemployment are paid for by the State from those funds.

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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 NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 13. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$300,000 to their Capital Reserve account by board resolution in June 2009 as summarized in the following schedule.

The following schedule is a summarization of the Capital Reserve Account:

Fiscal Year	Excess Withdrawal Transfers In	Withdrawal	District Contribution	Interest Earnings	Ending Balance
2000-2001			\$ 1		\$ 1
2001-2002		\$ (5,300)	78,000	\$ 174	72,875
2002-2003		(14,474)		809	59,210
2003-2004		(24,000)	16,500	581	52,291
2004-2005	\$ 16,236	(45,000)		145	23,672
2005-2006				868	24,540
2006-2007				1,185	25,725
2007-2008			100,000	1,087	126,812
2008-2009			300,000	151	426,963

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 P-Fund Equity (Fund Balance) may be reserved or designated. An analysis of the General Fund Balance on June 30, 2009 and 2008 is as follows:

	2009	2008
Reserved:		
Encumbrances-Represents reservation of fund balance for purchase orders which have been issued but goods or services were not received as of June 30	\$ 152,336	\$ 53,441
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute the excess surplus is designated for utilization in succeeding years budgets	184,570	405,712
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	405,712	
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	426,963	126,812
Unreserved:		
Undesignated-Represents fund balance which has not been reserved or designated	253,295	252,314
Total Fund Balance	\$ 1,422,876	\$ 838,279

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (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. The excess fund balance at June 30, 2009 is \$184,570.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

ALPHA BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 2,748,105		\$ 2,748,105	\$ 2,748,105	
Tuition from Individuals				8,000	\$ 8,000
Interest on Capital Reserve Account	100		100	151	51
Interest on Investments				21,362	21,362
Miscellaneous	25,000		25,000	1,248	(23,752)
Total	<u>2,773,205</u>	<u>\$ -</u>	<u>2,773,205</u>	<u>2,778,866</u>	<u>5,661</u>
State Sources:					
Categorical Special Education Aid	179,846		179,846	179,846	
Equalization Aid	1,675,191	(11,388)	1,663,803	1,665,699	1,896
Categorical Security Aid	27,697		27,697	27,697	
Categorical Transportation Aid	65,244		65,244	65,244	
Extraordinary Aid	30,274		30,274	30,274	
Non Public Transportation Aid				3,295	3,295
On-Behalf TPAF Pension Contribution				121,537	121,537
Reimbursed TPAF Social Security Contribution				151,406	151,406
Total	<u>1,978,252</u>	<u>(11,388)</u>	<u>1,966,864</u>	<u>2,244,998</u>	<u>278,134</u>
TOTAL REVENUES	<u>\$ 4,751,457</u>	<u>\$ (11,388)</u>	<u>\$ 4,740,069</u>	<u>\$ 5,023,864</u>	<u>\$ 283,795</u>
EXPENDITURES					
Current					
Instruction-Regular Programs:					
Salaries of Teachers:					
Kindergarten	\$ 135,807	\$ (3,433)	\$ 132,374	\$ 132,374	
Grades 1-5	732,718	(4,686)	728,032	717,032	\$ 11,000
Grades 6-8	367,960	19,342	387,302	387,302	
Regular Program-Home Instruction:					
Salaries of Teachers	1,600	1,462	3,062	3,062	
Purchased Professional Education Services	1,400	(1,400)			
Regular Program Undistributed Instruction:					
Purchased Professional Education Services	500	(500)			
Purchased Technical Services	13,000	(1,574)	11,426	11,426	
Other Purchased Services	45,000	(3,522)	41,478	28,555	12,923
General Supplies	84,200	90,153	174,353	99,659	74,694
Textbooks	10,000	14,888	24,888	24,888	
Other Objects	500	(155)	345	272	73
Total	<u>1,392,685</u>	<u>110,575</u>	<u>1,503,260</u>	<u>1,404,570</u>	<u>98,690</u>

ALPHA BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Resource Room/Center:					
Salaries of Teachers	\$ 263,248	\$ 9,366	\$ 272,614	\$ 269,917	\$ 2,697
Other Salaries for Instruction	55,420	20,517	75,937	75,937	
General Supplies	1,600	(372)	1,228	1,228	
Textbooks	500	(500)			
Other Objects	376	(376)			
Total	321,144	28,635	349,779	347,082	2,697
Home Instruction:					
Salaries of Teachers		333	333	333	
Purchased Professional Education Services	2,000	(333)	1,667		1,667
Total	2,000	-	2,000	333	1,667
Total Special Education	323,144	28,635	351,779	347,415	4,364
Basic Skills/Remedial-Instruction:					
Salaries of Teachers	66,600	116	66,716	66,716	
Other Purchased Services	500	(500)			
General Supplies	800	171	971	971	
Textbooks	200	47	247	247	
Other Objects	100	(100)			
Total	68,200	(266)	67,934	67,934	-
Bilingual Education:					
Salaries of Teachers	2,000	(165)	1,835		1,835
General Supplies	336		336	300	36
Total	2,336	(165)	2,171	300	1,871
School Sponsored Co-Curricular Activities:					
Salaries	4,000		4,000	3,825	175
Purchased Services		113	113	113	
Supplies and Materials	500	(112)	388	30	358
Total	4,500	1	4,501	3,968	533
Community Services Program/Operations					
Supplies & Materials	50	-	50	-	50
Total Instruction Regular	\$ 1,790,915	\$ 138,780	\$ 1,929,695	\$ 1,824,187	\$ 105,508
Undistributed Expenditures:					
Instruction Tuition					
Other LEAs Within the State-Regular	\$ 262,320		\$ 262,320	\$ 262,320	
Other LEAs Within the State-Special	140,103	(20,074)	120,029	25,881	\$ 94,148
County Vocational School District-Regular	41,325		41,325	16,325	25,000
County Vocational School District-Special	35,750		35,750	26,000	9,750
CSSD and Regular Day School	218,880	(58,000)	160,880	49,995	110,885
Private Schools for Disabled within the State	90,094	(13,495)	76,599	5,040	71,559
Tuition Private Schools for the Disabled & Other LEA-Special, Outside the State		12,982	12,982	12,982	
Tuition - Other		513	513	513	
Total	788,472	(78,074)	710,398	399,056	311,342

ALPHA BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current (cont'd)					
Health Services:					
Salaries	\$ 53,013	\$ (270)	\$ 52,743	\$ 52,685	\$ 58
Purchased Professional & Technical Services	2,500	(57)	2,443		2,443
Other Purchased Services	400	(2)	398	113	285
Supplies & Materials	1,200	155	1,355	1,352	3
Other Objects	315	(96)	219	110	109
Total	57,428	(270)	57,158	54,260	2,898
Other Support Services-Students-Related Services					
Salaries	80,264	759	81,023	81,023	
Purchased Professional Education Services	22,700	19,971	42,671	42,671	
Supplies & Materials	300	77	377	377	
Total	103,264	20,807	124,071	124,071	-
Other Support Services-Students-Extraordinary					
Salaries	21,555	2,040	23,595	23,595	
Purchased Professional Education Services	37,500	(2,040)	35,460	1,170	34,290
Total	59,055	-	59,055	24,765	34,290
Other Support Services-Students-Regular					
Salaries of Other Professional Staff	57,891	159	58,050	58,050	
Other Salaries	1,000	(159)	841		841
Other Purchased Services	3,500		3,500	42	3,458
Supplies & Materials	3,500		3,500	187	3,313
Other Objects	100		100	85	15
Total	65,991	-	65,991	58,364	7,627
Other Support Services-Students-Special					
Salaries of Other Professional Staff	108,306	8,076	116,382	115,382	1,000
Salaries of Secretarial & Clerical Assistants	16,216	(572)	15,644	15,571	73
Other Salaries	300		300		300
Purchased Professional Educational Services	5,000	(1,589)	3,411	3,411	
Supplies & Materials	3,500	(53)	3,447	3,447	
Other Objects	100	180	280	280	
Total	133,422	6,042	139,464	138,091	1,373
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	34,637	(555)	34,082	31,751	2,331
Salaries of Other Professional Staff	3,000		3,000		3,000
Purchased Professional Educational Services		2,000	2,000	2,000	
Other Purchased Services	11,500	(2,000)	9,500	7,864	1,636
Supplies & Materials	1,000		1,000	700	300
Total	50,137	(555)	49,582	42,315	7,267
Educational Media Service/School Library:					
Salaries	52,718	6,505	59,223	59,223	
Other Purchased Services	1,800	1,058	2,858	2,858	
Supplies & Materials	3,000	13,158	16,158	6,704	9,454
Other Objects		1,150	1,150	50	1,100
Total	57,518	21,871	79,389	68,835	10,554
Instructional Staff Training Services					
Purchased Professional-Educational Services		400	400	400	
Other Purchased Professional & Technical Services		2,600	2,600	2,600	
Other Purchased Services	5,000	(3,000)	2,000	1,321	679
Supplies and Materials	500		500	134	366
Total	5,500	-	5,500	4,455	1,045

ALPHA BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current (cont'd)					
Support Services General Administration:					
Salaries	\$ 31,106	\$ 11,000	\$ 42,106	\$ 40,610	\$ 1,496
Legal Services	30,000	(11,771)	18,229	11,235	6,994
Audit Fees	15,000	(2,750)	12,250	12,250	
Other Purchased Professional Services	30,000	3,481	33,481	31,486	1,995
Communications & Telephone	23,500	(5,830)	17,670	17,670	
Board of Education Other Purchased Services	6,500	(2,045)	4,455	4,455	
Other Purchased Services	15,000	(1,244)	13,756	13,756	
Supplies & Materials	3,500	992	4,492	1,780	2,712
Board of Education In House Training/Mtg Supplies	1,000	(842)	158	158	
Miscellaneous Expenditures		3,406	3,406	3,361	45
Board of Education Membership Dues & Fees	7,302	(2,489)	4,813	4,298	515
Total	162,908	(8,092)	154,816	141,059	13,757
Support Services School Administration:					
Salaries of Principals/Assistant Principals	79,104		79,104	77,824	1,280
Salaries of Other Professional Staff	38,091		38,091	32,416	5,675
Salaries of Secretarial & Clerical Assistants	30,313	90	30,403	30,403	
Other Salaries	3,500		3,500		3,500
Purchased Professional & Technical Services	2,500	(2,333)	167		167
Supplies & Materials	3,382	(1,466)	1,916	1,719	197
Total	156,890	(3,709)	153,181	142,362	10,819
Central Services:					
Purchased Professional Services	67,925		67,925	67,925	
Purchased Technical Services	3,900		3,900	3,900	
Supplies & Materials	2,250	(1,730)	520	520	
Miscellaneous Expenditures	1,000	(1,000)			
Total	75,075	(2,730)	72,345	72,345	-
Administrative Information Technology:					
Purchased Technical Services	5,000	(762)	4,238	3,649	589
Supplies & Materials	2,500	372	2,872	2,430	442
Total	7,500	(390)	7,110	6,079	1,031
Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	35,000	6,844	41,844	7,694	34,150
General Supplies	7,500	(7,424)	76	76	
Total	42,500	(580)	41,920	7,770	34,150
Other Operation & Maintenance of Plant:					
Salaries	125,235	(3,045)	122,190	119,647	2,543
Purchased Professional & Technical Services	4,000	(1,329)	2,671	2,671	
Cleaning Repair & Maintenance Services	17,000	1,477	18,477	13,685	4,792
Other Purchased Property Services	3,000	(1,671)	1,329	1,329	
Insurance	6,500	(1,316)	5,184	5,184	
Miscellaneous Purchased Services	1,000	(589)	411	411	
General Supplies	15,000	(872)	14,128	13,946	182
Energy (Heat & Electric)	61,000	16,847	77,847	77,847	
Other Objects	1,000	(834)	166	166	
Total	233,735	8,668	242,403	234,886	7,517

ALPHA BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current (cont'd)					
Student Transportation Services:					
Management Fee-ESC & CTSA Transportation Program	\$ 3,500	\$ (3,370)	\$ 130		\$ 130
Contracted Services (Other Than Between Home & School)-Vendors	7,500		7,500	\$ 3,848	3,652
Contracted Services (Between Home & School)-Joint Agreement	33,500		33,500	32,787	713
Contracted Services (Regular Students)-ESC'S & CTSA'S		3,370	3,370	3,370	
Contracted Services (Special Education Students)-Vendors	105,000		105,000	59,708	45,292
Contracted Services-Aid In Lieu of Payments	13,500	(5,292)	8,208	7,514	694
Total	163,000	(5,292)	157,708	107,227	50,481
Unallocated Benefits-Employee Benefits					
Social Security Contributions	35,000	677	35,677	35,677	
Other Retirement Contributions-Regular	32,000	(9,721)	22,279	22,279	
Unemployment Compensation	7,000	22	7,022	7,022	
Workmen's Compensation	31,000	(699)	30,301	28,880	1,421
Health Benefits	570,047	(72,685)	497,362	488,227	9,135
Tuition Reimbursement	12,000	6,843	18,843	17,772	1,071
Other Employee Benefits	11,000	2,698	13,698	13,698	
Total	698,047	(72,865)	625,182	613,555	11,627
On-Behalf TPAF Pension Contributions				121,537	(121,537)
Reimbursed TPAF Social Security Contributions				151,406	(151,406)
				272,943	(272,943)
Total Undistributed Expenditures	\$ 2,860,442	\$ (115,169)	\$ 2,745,273	\$ 2,512,438	\$ 232,835
TOTAL CURRENT	\$ 4,651,357	\$ 23,611	\$ 4,674,968	\$ 4,336,625	\$ 338,343
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Instructional Staff		\$ 7,605	\$ 7,605		\$ 7,605
Operation & Maintenance of Plant Services		3,098	3,098	\$ 3,098	
Non-Instructional Services		7,739	7,739	7,739	
Total	\$ -	18,442	18,442	10,837	7,605
Facilities Acquisition & Construction Services:					
Other Purchased Professional and Technical Services		21,106	21,106	16,890	4,216
Construction Services	100,000	(21,106)	78,894	74,756	4,138
Total	100,000	-	100,000	91,646	8,354
TOTAL CAPITAL OUTLAY	\$ 100,000	\$ 18,442	\$ 118,442	\$ 102,483	\$ 15,959
TOTAL EXPENDITURES	\$ 4,751,357	\$ 42,053	\$ 4,793,410	\$ 4,439,108	\$ 354,302

ALPHA BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 100	\$ (53,441)	\$ (53,341)	\$ 584,756	\$ 638,097
Other Financing Sources (Uses): Decrease in Fair Market Value of Investments	-	-	-	(159)	(159)
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	100	(53,441)	(53,341)	584,597	637,938
Fund Balances, July 1	838,279		838,279	838,279	
Fund Balances, June 30	\$ 838,379	\$ (53,441)	\$ 784,938	\$ 1,422,876	\$ 637,938
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances		\$ (53,441)	\$ (53,441)	\$ (53,441)	
Increase in Capital Reserve	\$ 100	300,000	300,100	300,151	\$ 51
Budgeted Fund Balance		(300,000)	(300,000)	337,887	637,887
TOTAL	\$ 100	\$ (53,441)	\$ (53,341)	\$ 584,597	\$ 637,938
RECAPITULATION OF FUND BALANCE					
Reserved:					
Reserve for Encumbrances				\$ 152,336	
Capital Reserve				426,963	
Excess Surplus:					
Prior Year-Designated for 2009-2010 Budget				405,712	
Current Year-Designated for 2010-2011 Budget				184,570	
					\$ 1,169,581
Unreserved:					
Undesignated-Free					253,295
Fund Balance Per Budgetary Basis					1,422,876
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis					(184,298)
Fund Balance Per Governmental Funds (GAAP)					\$ 1,238,578

ALPHA BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 1,000		\$ 1,000	\$ 1,000	
State Sources	139		139		\$ (139)
Federal Sources	125,113		125,113	125,113	
TOTAL REVENUES	\$ 126,252	\$ -	\$ 126,252	\$ 126,113	\$ (139)
EXPENDITURES					
Instruction:					
Salaries for Teachers	\$ 800	\$ 13,431	\$ 14,231	\$ 14,231	
Purchased Professional & Technical Services	43,746	(15,521)	28,225	28,111	\$ 114
Tuition	61,918		61,918	61,918	
General Supplies	2,404	2,090	4,494	4,494	
Totals	108,868	-	108,868	108,754	114
Support Services:					
Salaries of Other Professional Staff		507	507	507	
Purchased Professional Educational Services	12,112	(507)	11,605	11,605	
Other Purchased Professional Services	45	141	186	186	
Other Purchased Services	1,086		1,086	1,061	25
Supplies & Materials	4,141	(141)	4,000	4,000	
Totals	17,384	-	17,384	17,359	25
TOTAL EXPENDITURES	\$ 126,252	\$ -	\$ 126,252	\$ 126,113	\$ 139

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules.	\$ 5,023,864	\$ 126,113
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Prior Year		21,267
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	84,452	1,590
State Aid Receivable Current Year	<u>(184,298)</u>	
Total Revenues (GAAP Basis)	<u>\$ 4,924,018</u>	<u>\$ 148,970</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 4,439,108	\$ 126,113
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances Prior Year		<u>21,267</u>
Total Expenditures (GAAP Basis)	<u>\$ 4,439,108</u>	<u>\$ 147,380</u>

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

ALPHA BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	NCLB Title I	NCLB Title IIA	NCLB Title IID	NCLB Title IV	NCLB Title V	IDEA Basic	IDEA Preschool	Local Grants	Total
REVENUES									
Local Sources								\$ 1,000	\$ 1,000
Federal Sources	\$ 23,551	\$ 16,805	\$ 186	\$ 1,423	\$ 230	\$ 81,066	\$ 1,852		\$ 125,113
TOTAL REVENUES	\$ 23,551	\$ 16,805	\$ 186	\$ 1,423	\$ 230	\$ 81,066	\$ 1,852	\$ 1,000	\$ 126,113
EXPENDITURES									
Instruction:									
Salaries of Teachers	\$ 13,431							\$ 800	\$ 14,231
Purchased Prof Educational Services	5,609	\$ 16,502				\$ 6,000			28,111
Tuition						60,066	\$ 1,852		61,918
General Supplies	3,399			\$ 665	\$ 230			200	4,494
Total	22,439	16,502	\$ -	665	230	66,066	1,852	1,000	108,754
Support Services:									
Salaries of Other Professional Staff						507			507
Purchased Prof Educational Services	1,112					10,493			11,605
Other Purchased Prof Services		303	186	758					186
Other Purchased Services						4,000			1,061
Supplies & Materials		303	186	758	-	15,000			4,000
Total	1,112	303	186	758	-	15,000	-	-	17,359
TOTAL EXPENDITURES	\$ 23,551	\$ 16,805	\$ 186	\$ 1,423	\$ 230	\$ 81,066	\$ 1,852	\$ 1,000	\$ 126,113

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

DETAIL STATEMENTS

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

ALPHA BOROUGH SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
FOOD SERVICE ENTERPRISE FUND
JUNE 30, 2009

ASSETS

Current Assets:

Cash & Cash Equivalents	\$ 9,343
Due from Other Funds	3,257
Receivables from Other Governments:	
State	85
Federal	1,371
Inventory	3,745
Total Current Assets	<u>17,801</u>

Noncurrent Assets:

Capital Assets	46,812
Less: Accumulated Depreciation	<u>33,967</u>
Total Noncurrent Assets	<u>12,845</u>

Total Assets	<u>30,646</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	19
Deferred Revenues	<u>2,283</u>
Total Liabilities	<u>2,302</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	12,845
Unrestricted	<u>15,499</u>
TOTAL NET ASSETS	<u>\$ 28,344</u>

ALPHA BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
FOOD SERVICE ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2009

Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 37,063
Daily Sales-Nonreimbursable Programs	20,272
Total Operating Revenues	<u>57,335</u>
Other Expenses:	
Costs of Sales	38,132
Salaries	27,909
Employee Benefits	5,807
Insurance	929
Management Fee	6,988
Other Purchased Services	1,514
General Supplies	2,396
Miscellaneous	273
Depreciation	1,588
Total Operating Expenses	<u>85,536</u>
Operating Income (Loss)	(28,201)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,526
Federal Sources:	
National School Lunch Program	23,892
Food Donation Program	3,985
Interest Income	14
Total Nonoperating Revenues (Expenses)	<u>29,417</u>
Change in Net Assets	1,216
Net Assets, Beginning	<u>27,128</u>
Net Assets, Ending	<u>\$ 28,344</u>

ALPHA BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2009

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 57,335
Payments to Food Service Management Company	(79,711)
Payments to Vendors and Employees	<u>(407)</u>
Net Cash Provided by (Used For) Operating Activities	<u>(22,783)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,508
Federal Sources	23,439
General Fund Interfund Activity	<u>(3,090)</u>
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>21,857</u>
Cash Flows from Investing Activities:	
Interest Income	<u>14</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(912)
Cash and Cash Equivalents, July 1, 2008	<u>10,255</u>
Cash and Cash Equivalents, June 30, 2009	<u>\$ 9,343</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (28,201)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	1,588
Federal Food Donation Program	3,985
(Increase) Decrease in Inventory	(741)
Increase (Decrease) in Accounts Payable	(741)
Increase (Decrease) in Deferred Revenue	<u>1,327</u>
Net Cash Provided by (Used For) Operating Activities	<u>\$ (22,783)</u>

FIDUCIARY FUND

DETAIL STATEMENTS

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

ALPHA BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS			
Cash and Cash Equivalents	\$ 51,803	\$ 77,100	\$ 128,903
TOTAL ASSETS	<u>\$ 51,803</u>	<u>\$ 77,100</u>	<u>\$ 128,903</u>
LIABILITIES			
Due to Other Funds		\$ 76,276	\$ 76,276
Due to Students Groups	\$ 51,803		51,803
Payroll Deductions & Withholdings		824	824
TOTAL LIABILITIES	<u>\$ 51,803</u>	<u>\$ 77,100</u>	<u>\$ 128,903</u>

ALPHA BOROUGH SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance 07/01/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/09</u>
ASSETS				
Cash and Cash Equivalents	\$ 50,983	\$ 35,461	\$ 34,641	\$ 51,803
TOTAL ASSETS	<u>\$ 50,983</u>	<u>\$ 35,461</u>	<u>\$ 34,641</u>	<u>\$ 51,803</u>
LIABILITIES				
Due to Students Groups	\$ 50,983	\$ 35,461	\$ 34,641	\$ 51,803
TOTAL LIABILITIES	<u>\$ 50,983</u>	<u>\$ 35,461</u>	<u>\$ 34,641</u>	<u>\$ 51,803</u>

ALPHA BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009

	Balance 07/01/08	Additions	Deletions	Balance 06/30/09
ASSETS				
Cash and Cash Equivalents	\$ 807	\$ 2,726,976	\$ 2,650,683	\$ 77,100
TOTAL ASSETS	\$ 807	\$ 2,726,976	\$ 2,650,683	\$ 77,100
LIABILITIES				
Due to Other Funds		\$ 76,276		\$ 76,276
Payroll Deductions & Withholdings	\$ 462	965,927	\$ 966,350	39
Net Payroll	345	1,684,773	1,684,333	785
TOTAL LIABILITIES	\$ 807	\$ 2,726,976	\$ 2,650,683	\$ 77,100

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

(NOT APPLICABLE TO THIS REPORT)

STATISTICAL SECTION

ALPHA BOROUGH SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
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.	J-16 to J-20

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, 2004; schedules presenting district-wide information include information beginning in that year.

ALPHA BOROUGH SCHOOL DISTRICT
 NET ASSETS BY COMPONENT
 LAST SIX FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
GOVERNMENT ACTIVITIES						
Invested in Capital Assets, Net of Related Debt	\$ 11,493	\$ 361,691	\$ 406,770	\$ 408,546	\$ 452,533	\$ 541,296
Restricted	83,752	23,672	24,540	25,725	126,812	426,963
Unrestricted	422,088	350,850	209,823	306,692	537,787	716,580
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 517,333	\$ 736,213	\$ 641,133	\$ 740,963	\$ 1,117,132	\$ 1,684,839
BUSINESS-TYPE ACTIVITIES						
Invested in Capital Assets, Net of Related Debt	\$ 1,381	\$ 1,159	\$ 5,610	\$ 16,020	\$ 14,433	\$ 12,845
Unrestricted	1,436	7,978	13,249	8,637	12,695	15,499
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 2,817	\$ 9,137	\$ 18,859	\$ 24,657	\$ 27,128	\$ 28,344
DISTRICT-WIDE						
Invested in Capital Assets, Net of Related Debt	\$ 12,874	\$ 362,850	\$ 412,380	\$ 424,566	\$ 466,966	\$ 554,141
Restricted	83,752	23,672	24,540	25,725	126,812	426,963
Unrestricted	423,524	358,828	223,072	315,329	550,482	732,079
TOTAL DISTRICT-WIDE	\$ 520,150	\$ 745,350	\$ 659,992	\$ 765,620	\$ 1,144,260	\$ 1,713,183

ALPHA BOROUGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
EXPENSES						
Governmental Activities:						
Instruction:						
Regular	\$ 1,597,655	\$ 1,609,060	\$ 1,704,297	\$ 1,859,921	\$ 1,990,607	\$ 1,904,330
Special Education	447,452	300,392	312,308	358,770	456,035	479,764
Other Special Education	138,955	226,793	186,657	156,057	134,437	118,708
Other Instruction	2,255	4,203	4,027	4,903	6,059	5,628
Support Services:						
Tuition	1,047,736	1,182,897	1,172,290	978,831	719,298	460,974
Student & Instruction Related Services	463,880	456,286	528,379	572,202	616,975	709,918
General & Business Administrative Services	412,165	405,695	259,031	262,760	272,308	236,922
School Administration	11,587	7,980	164,849	181,099	181,946	196,036
Plant Operations & Maintenance	254,985	221,149	232,293	309,311	299,071	285,538
Pupil Transportation	58,365	82,151	63,599	97,347	120,641	107,227
Total Governmental Activities Expenses	<u>4,435,035</u>	<u>4,496,606</u>	<u>4,627,730</u>	<u>4,781,201</u>	<u>4,797,377</u>	<u>4,505,045</u>
Business-Type Activities:						
Food Services	79,516	76,709	79,618	88,809	96,596	85,536
Total Business-Type Activities	<u>79,516</u>	<u>76,709</u>	<u>79,618</u>	<u>88,809</u>	<u>96,596</u>	<u>85,536</u>
TOTAL DISTRICT EXPENSES	<u>\$ 4,514,551</u>	<u>\$ 4,573,315</u>	<u>\$ 4,707,348</u>	<u>\$ 4,870,010</u>	<u>\$ 4,893,973</u>	<u>\$ 4,590,581</u>

ALPHA BOROUGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
PROGRAM REVENUES						
Governmental Activities:						
Charges for Services:						
Regular Instruction		\$ 3,294	\$ 5,513	\$ 5,040	\$ 1,287	\$ 8,830
Special Education		1,087				
Other Special Education			452			
Other Instruction				70		
Student & Instructional Related Services			4,000			440
General & Business Administrative Services		18	7			293
Plant Operations & Maintenance		200	150			
Pupil Transportation				60		
Operating Grants & Contributions	\$ 128,782	147,689	155,784	139,095	173,293	147,380
Capital Grants & Contributions		23,076				
Total Governmental Activities Program Revenues	<u>128,782</u>	<u>175,364</u>	<u>165,906</u>	<u>144,265</u>	<u>174,580</u>	<u>156,943</u>
Business-Type Activities:						
Charges for Services:						
Food Service	58,901	59,484	59,296	66,134	65,280	57,335
Operating Grants & Contributions	20,735	23,316	25,098	28,463	24,377	29,403
Total Business-Type Activities Program Revenues	<u>79,636</u>	<u>82,800</u>	<u>84,394</u>	<u>94,597</u>	<u>89,657</u>	<u>86,738</u>
TOTAL DISTRICT-PROGRAM REVENUES	<u>\$ 208,418</u>	<u>\$ 258,164</u>	<u>\$ 250,300</u>	<u>\$ 238,862</u>	<u>\$ 264,237</u>	<u>\$ 243,681</u>
NET (EXPENSE) REVENUES						
Governmental Activities	\$ (4,306,253)	\$ (4,321,242)	\$ (4,461,824)	\$ (4,636,936)	\$ (4,622,797)	\$ (4,348,102)
Business-Type Activities	120	6,091	4,776	5,788	(6,939)	1,202
TOTAL DISTRICT-WIDE NET EXPENSES	<u>\$ (4,306,133)</u>	<u>\$ (4,315,151)</u>	<u>\$ (4,457,048)</u>	<u>\$ (4,631,148)</u>	<u>\$ (4,629,736)</u>	<u>\$ (4,346,900)</u>

ALPHA BOROUGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS						
Governmental Activities:						
Property Taxes Levied for General Purposes, Net	\$ 2,522,936	\$ 2,336,980	\$ 2,416,979	\$ 2,630,152	\$ 2,765,358	\$ 2,748,105
Unrestricted Grants & Contributions	1,821,336	1,881,831	1,915,136	2,070,960	2,183,883	2,146,742
Investment Earnings	7,260	13,833	27,284	34,872	34,751	21,513
Miscellaneous Income	1,966	259	12,095	500	24,815	658
Transfers Out	(850)		(4,875)		(9,098)	
Special Item-Loss on Disposal of Capital Assets		(167)			(518)	(1,050)
Special Item-Prior Year Accounts Receivable Canceled	(895)	524	125	282	(225)	(159)
Special Item-Gain (Loss) on Investments						
Total Governmental Activities	<u>4,351,753</u>	<u>4,233,260</u>	<u>4,366,744</u>	<u>4,736,766</u>	<u>4,998,966</u>	<u>4,915,809</u>
Business-Type Activities:						
Investment Earnings	9	13	13	10	9	14
Miscellaneous Income		216	58		303	
Transfers In	850		4,875		9,098	
Total Business-Type Activities	<u>859</u>	<u>229</u>	<u>4,946</u>	<u>10</u>	<u>9,410</u>	<u>14</u>
TOTAL DISTRICT-WIDE	<u>\$ 4,352,612</u>	<u>\$ 4,233,489</u>	<u>\$ 4,371,690</u>	<u>\$ 4,736,776</u>	<u>\$ 5,008,376</u>	<u>\$ 4,915,823</u>
CHANGE IN NET ASSETS						
Governmental Activities	\$ 45,500	\$ (87,982)	\$ (95,080)	\$ 99,830	\$ 376,169	\$ 567,707
Business-Type Activities	979	6,320	9,722	5,798	2,471	1,216
TOTAL DISTRICT	<u>\$ 46,479</u>	<u>\$ (81,662)</u>	<u>\$ (85,358)</u>	<u>\$ 105,628</u>	<u>\$ 378,640</u>	<u>\$ 568,923</u>

ALPHA BOROUGH SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST SIX FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
General Fund:						
Reserved	\$ 134,070	\$ 245,104	\$ 289,269	\$ 243,077	\$ 585,965	\$ 1,169,581
Unreserved	436,427	192,005	20,286	174,032	167,862	68,997
Total General Fund	\$ 570,497	\$ 437,109	\$ 309,555	\$ 417,109	\$ 753,827	\$ 1,238,578
All Other Governmental Funds:						
Reserved, Reported In:						
Capital Projects Fund		\$ 4,183	\$ 3,000	\$ 3,000		
Unreserved, Reported In:						
Special Revenue Fund	\$ (902)	(902)	(902)	(902)	\$ (1,590)	
Capital Projects Fund	1,183					
Total All Other Governmental Funds	\$ 281	\$ 3,281	\$ 2,098	\$ 2,098	\$ (1,590)	\$ -

ALPHA BOROUGH SCHOOL DISTRICT
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Tax Levy	\$ 2,045,695	\$ 2,147,540	\$ 2,424,494	\$ 2,467,703	\$ 2,522,936	\$ 2,336,980	\$ 2,416,979	\$ 2,630,152	\$ 2,765,358	\$ 2,748,105
Tuition Changes				20,630						8,000
Interest Earnings	13,115	18,183	12,520	7,961	7,260	13,833	27,284	34,872	34,751	21,513
Miscellaneous	4,890	6,305	1,706	2,552	3,741	259	14,270	3,500	27,815	2,248
State Sources	1,405,002	1,626,194	1,651,642	1,729,438	1,642,457	1,906,440	1,936,327	2,090,292	2,216,195	2,147,198
State Sources-Capital Projects				23,076						
Federal Sources	92,325	87,439	114,813	110,214	105,887	123,080	132,418	116,763	137,981	145,924
Total Revenues	3,561,027	3,867,661	4,205,145	4,338,469	4,482,281	4,403,668	4,527,278	4,875,579	5,182,100	5,072,988
Expenditures										
Instruction										
Regular Instruction	964,581	1,017,435	1,031,668	1,055,933	1,154,212	1,177,695	1,208,150	1,252,016	1,370,013	1,404,570
Special Education Instruction	151,607	159,964	184,888	213,196	248,365	218,022	215,426	236,771	305,308	347,415
Other Special Instruction	74,389	89,005	81,306	81,044	101,063	141,993	112,913	91,942	67,934	67,934
School Sponsored/Other Instructional				2,255		3,280	3,106	3,562	4,424	4,268
Support Services										
Tuition	914,449	1,051,854	1,211,637	1,163,611	1,047,736	1,180,208	1,169,502	976,811	711,535	398,056
Student & Inst Related Services	294,478	347,209	289,598	332,739	331,928	298,978	356,207	360,721	381,488	515,156
General Administration	164,318	222,675	173,042	189,562	229,435	244,174	143,998	114,426	147,536	141,059
School Administration Services	3,381	6,000	6,738	7,614	8,512	6,804	116,834	128,360	121,728	142,362
Central Services	67,443	65,030	66,139	72,739	74,784	76,807	70,726	86,396	86,201	72,345
Administrative Information Technology						2,312	440	1,955	450	6,079
Pilot Operations & Maintenance	167,453	159,833	169,583	169,978	202,940	186,695	193,515	266,732	252,755	242,650
Pupil Transportation	76,680	142,419	172,740	106,211	58,365	82,151	63,599	97,287	120,641	101,227
Employee Benefits	369,677	406,637	458,907	458,207	496,744	496,744	527,074	591,628	616,301	613,555
On-Behalf TPAF Pension & Social Security Contribution	113,865	128,423	113,241	186,171	213,613	221,921	260,995	407,885	423,723	272,943
Capital Outlay	59,765	11,950		2,010		51,813		12,690	52,932	102,483
Special Revenue Funds	145,209	114,327	162,285	151,517	127,832	147,689	155,784	139,095	173,981	147,390
Capital Projects Fund			4,500	33,450	6,317	48,840	1,183	3,000		
Total Expenditures	3,567,295	3,918,361	4,126,292	4,345,534	4,363,564	4,534,413	4,651,265	4,768,307	4,839,229	4,586,468
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,268)	(30,700)	78,853	(7,036)	118,717	(130,745)	(123,987)	107,272	342,871	486,500
Other Financing Sources (Uses)	(100)			(167)		(167)			(518)	
Prior Year Receivable Cancelled				173	(895)	524	125	282	(225)	(1,159)
Net Increase (Decrease) in Fair Value of Investments	(5,000)		(6,350)	(2,350)	(850)		(4,875)		(9,058)	
Transfers In (Out)	(5,100)		(6,549)	(2,177)	(1,745)	357	(4,750)	282	(9,841)	(1,972)
Total Other Financing Sources (Uses)										
Net Change in Fund Balances	\$ (11,368)	\$ (30,700)	\$ 72,304	\$ (9,213)	\$ 116,972	\$ (130,388)	\$ (128,737)	\$ 107,554	\$ 333,030	\$ 466,341
Debt Service as a Percentage of Non-capital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects fund and debt service.
 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 and Other Support Services

ALPHA BOROUGH SCHOOL DISTRICT
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30.									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Interest Income	\$ 13,115	\$ 18,183	\$ 12,519	\$ 7,961	\$ 7,260	\$ 13,833	\$ 27,284	\$ 34,872	\$ 34,751	\$ 21,513
Tuition				20,630						8,000
Prior Year Refunds							3,055		6,701	
Miscellaneous Refunds	1,963	5,262	1,707	932	160	89	32	22		
Miscellaneous Other	2,927	1,043		1,620	1,806	60	1,269	420	400	590
Book Fines							115	58		
Prior Year Outstanding Checks Cancelled							5,554		145	658
Donations							1,470		17,375	
Sale of Surplus Equipment						110	600		194	
Insurance Rebates										
Annual Totals	\$ 18,005	\$ 24,488	\$ 14,226	\$ 31,143	\$ 9,226	\$ 14,092	\$ 39,379	\$ 35,372	\$ 59,566	\$ 30,761

Source: District Records

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Vacant Land	\$ 2,651,876	\$ 2,523,278	\$ 2,227,600	\$ 2,175,600	\$ 3,168,300	\$ 3,429,600	\$ 5,140,400	\$ 5,411,100	\$ 11,230,200	\$ 9,799,220
Residential	86,379,475	87,643,875	88,183,575	88,549,975	143,340,100	143,242,700	143,666,200	144,173,900	145,397,400	146,424,100
Farm Regular	671,900	671,900	662,200	660,100	1,009,300	1,009,300	1,009,300	1,009,300	692,200	692,200
Q Farm	226,370	226,370	227,730	227,730	272,500	262,021	243,541	236,067	218,181	218,181
Commercial	12,304,038	12,546,338	11,959,438	12,543,638	19,299,300	19,176,600	19,784,700	28,263,600	28,118,600	28,502,000
Industrial	13,730,450	14,040,450	13,980,500	13,643,700	21,232,500	21,063,000	20,844,400	20,844,400	20,844,400	20,844,400
Apartment	4,759,600	4,569,600	4,799,700	4,806,100	7,028,100	6,491,100	6,665,100	6,665,100	6,665,100	6,665,100
Total Assessed Value	120,723,711	122,221,811	122,040,743	122,626,843	195,350,100	194,674,321	197,353,641	206,623,467	213,166,081	213,145,201
Public Utilities (a)	314,141	404,999	387,199	367,478	367,478	388,228	365,121	404,670	409,791	451,928
Net Valuation Taxable	\$ 121,037,852	\$ 122,626,810	\$ 122,427,942	\$ 122,994,321	\$ 195,717,578	\$ 195,072,549	\$ 197,718,762	\$ 207,028,137	\$ 213,575,872	\$ 213,597,129
Estimated Actual County Equalized Value	\$ 124,646,484	\$ 125,207,343	\$ 130,624,334	\$ 141,897,053	\$ 155,622,557	\$ 182,797,105	\$ 203,686,785	\$ 229,623,044	\$ 248,459,600	\$ 237,172,029
Percentage of Net Valuation to Estimated Actual County Equalized Value	97.10%	97.94%	93.73%	86.68%	124.96%	106.72%	97.07%	90.16%	85.96%	90.06%
Total Direct School Tax Rate (b)	\$ 1.78	\$ 1.98	\$ 2.02	\$ 2.05	\$ 1.70	\$ 1.24	\$ 1.33	\$ 1.34	\$ 1.29	\$ 1.29

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 equipments of telephone and messenger system companies
- (b) Tax rates are per \$100

* Revalued/Reassessed

ALPHA BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Direct School Tax Rate	Total Tax Rate		Municipality	County	
2000	\$ 1.78		\$ 1.78	1.78		\$ 0.71	0.77	\$ 3.26
2001	1.98		1.98	1.98		0.74	0.72	3.44
2002	2.02		2.02	2.02		0.85	0.69	3.56
2003	2.05		2.05	2.05		0.89	0.72	3.66
2004	1.20		1.20	1.20		0.65	0.49	2.34
2005	1.24		1.24	1.24		0.74	0.56	2.54
2006	1.33		1.33	1.33		0.77	0.60	2.70
2007	1.34		1.34	1.34		0.81	0.62	2.77
2008	1.29		1.29	1.29		0.83	0.65	2.77
2009	1.29		1.29	1.29		0.86	0.62	2.77

Sources: Municipal Tax Collector

NOTE: N.J.S.A. 18A:27-5d 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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget 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 *
- (b) Rates for debt service are based on each year's requirement. Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

ALPHA BOROUGH SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO

	2009			2000		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
BWS Properties LLC	\$ 8,283,300	1	3.88%			
G.J. Oliver Incorporated	4,999,700	2	2.34%	\$ 3,198,500	2	2.64%
Baramax LLC	4,359,700	3	2.04%	2,710,800	3	2.24%
962 High Street LLC	3,522,200	4	1.65%	3,230,000	1	2.67%
Hunterdon Transformer Co. Incorporated	3,278,300	5	1.53%			
Trapezoid Associates	2,793,700	6	1.31%			
Alpha Press Company	1,389,900	7	0.65%			
Alpha Lehigh Tool & Machine Co	1,337,700	8	0.63%	866,340	7	0.72%
Shop and Save Shopping Ctr	1,150,000	9	0.54%			
Alphawarren Properties LLC	1,006,200	10	0.47%			
Individual Property Owner #2				1,706,700	4	1.41%
Sheridan Printing Company				1,075,800	5	0.89%
Woodhill Alpha LLC				899,790	6	0.74%
Alma School Landfill Incorporated				805,000	8	0.67%
Alpha Lumber Company				725,000	9	0.60%
Glen Magnetics				640,000	10	0.53%
	\$ 32,120,700		15.04%	\$ 15,857,930		13.11%

Source: Municipal Tax Assessor

ALPHA BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
1999	\$ 3,825,745	\$ 3,690,420	96.46%
2000	3,959,717	3,802,647	96.03%
2001	4,232,239	4,046,482	95.61%
2002	4,397,951	4,176,688	94.97%
2003	4,536,808	4,412,156	97.25%
2004	4,602,345	4,425,137	96.15%
2005	4,972,826	4,770,200	95.92%
2006	5,684,123	5,399,103	94.98%
2007	5,768,620	5,598,390	97.05%
2008	5,935,993	5,755,897	96.97%

Sources: 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.

ALPHA BOROUGH SCHOOL DISTRICT
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2000								
2001								
2002								
2003								
2004								
2005								
2006								
2007								
2008								
2009								

The Alpha Borough School District has had no bonded debt for the current and prior nine years.

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

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

ALPHA BOROUGH SCHOOL DISTRICT
 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Net General Bonded Debt Outstanding Deductions		
2000				
2001				
2002				
2003				
2004				
2005				
2006				
2007				
2008				
2009				

The Alpha Borough School District has had no bonded debt for the current and prior nine years.

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

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

ALPHA BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2008

GOVERNMENTAL UNIT	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Municipality	\$ 1,170,898	100.00	\$ 1,170,898
County General Obligation Debt	20,504,081	1.74	<u>356,186</u>
Subtotal, Overlapping Debt			1,527,084
School District Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u>\$ 1,527,084</u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages
 Provided by the 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 the municipality. 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.

ALPHA BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2009

Equalized Valuation Basis	
2008	\$ 236,693,406
2007	240,371,646
2006	218,892,681
	<u>\$ 695,957,733</u>

Average Equalized Valuation of Taxable Property	\$ 231,985,911
Debt Limit (4.0% of Average Equalization Value) (a)	9,279,436

Total Net Debt Applicable to Limit

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 4,809,194	\$ 4,854,557	\$ 4,968,112	\$ 5,221,697	\$ 5,388,437	\$ 6,383,971	\$ 7,192,766	\$ 8,033,002	\$ 8,797,530	\$ 9,279,436
Total Net Debt Applicable										
Legal Debt Margin	\$ 4,809,194	\$ 4,854,557	\$ 4,968,112	\$ 5,221,697	\$ 5,388,437	\$ 6,383,971	\$ 7,192,766	\$ 8,033,002	\$ 8,797,530	\$ 9,279,436
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

(a) Limit Set by N.J.S.A. 18A:24-19

Note: The Alpha Borough School District has had no bonded debt for the current and prior nine years

ALPHA BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
1999	2,444	\$ 74,585,992	\$ 30,518	4.4%
2000	2,482	81,151,472	32,696	3.3%
2001	2,484	80,665,416	32,474	3.8%
2002	2,483	82,855,227	33,369	5.6%
2003	2,465	83,297,280	33,792	6.1%
2004	2,448	85,662,864	34,993	4.5%
2005	2,424	87,916,056	36,269	5.9%
2006	2,400	92,268,000	38,445	6.3%
2007	2,384	96,375,584	40,426	5.9%
2008	2,386	N/A	N/A	7.8%
2009	2,386	N/A	N/A	N/A

Sources:

- (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 County 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

ALPHA BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2009			2000		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

ALPHA BOROUGH SCHOOL DISTRICT
 FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST SIX FISCAL YEARS

FUNCTION/PROGRAM	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Instruction:						
Regular	25.0	25.0	26.0	25.0	25.0	25.0
Special Education	2.0	2.0	2.0	2.0	2.0	2.0
Other Special Education	1.3	1.3	1.0	1.3	1.3	1.3
Support Services:						
Student and Instruction Related Services	3.2	3.2	4.0	3.2	3.2	3.2
General Administration	1.0	1.0	1.0	1.0	1.0	1.0
School Administration Services	1.0	1.0	1.0	1.0	1.0	1.0
Central Services	1.0	1.0	1.0	1.0	1.0	1.0
Plant Operations and Maintenance	2.0	2.0	2.0	2.0	2.0	2.0
Total	<u>36.5</u>	<u>36.5</u>	<u>38.0</u>	<u>36.5</u>	<u>36.5</u>	<u>36.5</u>

Sources: District Personnel Records

Note: Information prior to fiscal year 2004 is unavailable

ALPHA BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2000	286	\$ 3,507,530	\$ 11,850	-4.65%	33	1 to 8.97	291.9	278.8	10.57%	95.51%
2001	304	3,906,411	12,850	8.44%	34	1 to 8.94	304.7	291.1	4.39%	95.54%
2002	277	4,121,792	14,880	15.80%	33	1 to 8.39	275.9	263.4	-9.45%	95.47%
2003	271	4,310,074	15,904	6.88%	34	1 to 7.97	270.6	258.4	-1.92%	95.45%
2004	286	4,357,247	15,235	-4.21%	34	1 to 8.41	284.2	271.0	5.03%	95.36%
2005	270	4,485,573	16,613	9.05%	33	1 to 8.18	271.2	257.9	-4.57%	95.10%
2006	260	4,596,269	17,686	6.46%	33	1 to 7.88	260.2	249.6	-4.06%	95.93%
2007	277	4,755,617	17,168	-2.93%	34	1 to 8.12	277.1	265.3	6.50%	95.74%
2008	264	4,763,297	18,119	5.53%	34	1 to 7.76	277.0	253.2	-0.04%	91.41%
2009	264	4,484,005	16,985	-6.26%	34	1 to 7.76	261.1	251.4	-5.74%	96.28%

Source: District Records

(a) Operating expenditures equal total expenditures less debt service and capital outlay

(b) Teaching staff includes only full-time equivalents or certificated staff

(c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS)

ALPHA BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

DISTRICT BUILDING	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Alpha Public School (1917)										
Square Feet	22,547	22,547	22,547	22,547	22,547	22,547	22,547	22,547	22,547	22,547
Capacity (Students)	350	350	350	350	350	350	350	350	350	350
Enrollment	296	304	277	271	286	270	260	278	266	257

Number of Schools at June 30, 2009
Elementary & Middle

1

Source: District Facilities Office
N/A=Not Available

Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October district count.

ALPHA BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST EIGHT FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

	*School Facilities	Alpha Public School	Total
2002		\$ 20,197	\$ 20,197
2003		11,278	11,278
2004		43,028	43,028
2005		16,524	16,524
2006		7,331	7,331
2007		56,039	56,039
2008		32,606	32,606
2009		<u>7,770</u>	<u>7,770</u>
Total School Facilities		<u>\$ 194,773</u>	<u>\$ 194,773</u>

* School Facilities as Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

ALPHA BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2009
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-School Alliance Insurance Fund:		
Property-Blanket Building & Contents (Policy Limit)	\$ 250,000,000	\$ 1,000
General Liability	5,000,000	
Blanket Position Bond	400,000	1,000
Excess Liability	5,000,000	
School Board Legal Liability-Ace American Insurance:		
Directors and Officers Policy	5,000,000	5,000
Premises Pollution Liability-Ace American Insurance:		
Claim Limit	1,000,000	25,000
Workers Compensation-School Alliance Insurance Fund:		
Per Accident Per Employee	5,000,000	
Per Disease Per Employee	5,000,000	
Disease Policy Limit	5,000,000	
Public Employees' Faithful Performance-Selective Insurance:		
Treasurer of School Monies	200,000	

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITORS' 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

September 11, 2009

Honorable President and
Members of the Board of Education
Alpha Borough School District
County of Warren, New Jersey

I have audited the financial statements of the Board of Education of the Alpha Borough School District in the County of Warren as of and for the year ended June 30, 2009, and have issued my report thereon dated September 11, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; 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 my audit, I considered the Board of Education's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Board of Education's internal control over financial reporting.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance 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 management of the Board of Education and federal and state awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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Fax # (908) 689-8388
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04

September 11, 2009

Honorable President and
Members of the Board of Education
Alpha Borough School District
County of Warren, New Jersey

Compliance

I have audited the compliance of the Board of Education of the Alpha Borough School District in the County of Warren, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2009. The 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 Board of Education's management. My responsibility is to express an opinion on the Board of Education's compliance based on my audit.

I conducted my 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; and New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid;" and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those Standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that I 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 Board of Education's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Board of Education's compliance with those requirements.

In my opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal and 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.

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

This report is intended for the information of the Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

ALPHA BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2008	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Accounts Receivable	Balance June 30, 2009	Due to Grantor
U.S. Department of Education Passed Through State Department of Education Special Revenue Fund													
NCLB Title I	84 010A	NCLB 007008	\$ 20,828	9/01/2007-8/31/2008	\$ 1,309			\$ 1,309					
NCLB Title I	84 010A	NCLB 007009	22,242	9/01/2008-8/31/2009			\$ 22,242	22,242					
NCLB Title II A	84 367A	NCLB 007008	17,505	9/01/2007-8/31/2008	303			303					
NCLB Title II A	84 367A	NCLB 007009	16,502	9/01/2008-8/31/2009			16,502	16,502					
NCLB Title II D	84 318X	NCLB 007009	186	9/01/2008-8/31/2009			186	186					
NCLB Title IV	84 184	NCLB 007008	946	9/01/2007-8/31/2008	758			758					
NCLB Title IV	84 184A	NCLB 007009	665	9/01/2008-8/31/2009			665	665					
NCLB Title V	84 298A	NCLB 007006	578	9/01/2008-8/31/2009	109								\$ 109
NCLB Title V	84 298A	NCLB 007008	325	9/01/2007-8/31/2008	230			230					
IDEIA Basic	84 027	IDEA 007009	81,066	9/01/2008-8/31/2009			81,066	81,066					
IDEIA Preschool	84 173	IDEA 007009	1,852	9/01/2008-8/31/2009			1,852	1,852					
Total Special Revenue Fund					2,706		122,513	125,113	\$	\$	\$	\$	109
U.S. Department of Agriculture Passed Through State Department of Education Enterprise Fund													
Food Donation Program	10 550	N/A	\$ 4,369	7/01/2007-6/30/2008	956			956					
Food Donation Program	10 550	N/A	5,312	7/01/2008-6/30/2009			5,312	3,029				2,283	
National School Lunch Program	10 555	N/A	19,152	7/01/2007-6/30/2008	(918)								
National School Lunch Program	10 555	N/A	23,892	7/01/2008-6/30/2009			22,521	23,892			(1,371)		
Total Enterprise Fund					38		28,751	27,877	\$	\$	(1,371)	2,283	\$
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 2,747		\$ 151,264	\$ 152,990	\$	\$	(1,371)	\$ 2,283	\$ 109

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

ALPHA BOROUGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2008	Cash Received	Budgetary Expenditure	Repayment of Prior Year Balance	Balance June 30, 2009		Memo
								Accounts Receivable	Due to Grantor	
State Department of Education										
General Fund										
Transportation Aid	09-495-034	\$ 65,244	7/01/2008-6/30/2009		\$ 65,244	\$ 65,244		\$ 6,203	\$ 65,244	
	-5120-014		7/01/2008-							
Special Education Categorical Aid	09-495-034	179,846	7/01/2008-		179,846	179,846		17,099	179,846	
	-5120-089		6/30/2009-							
Equalization Aid	08-495-034	1,665,999	7/01/2008-		1,665,999	1,665,999		158,363	1,665,999	
	-5120-078		6/30/2009-							
Security Aid	09-495-034	27,697	7/01/2008-		27,697	27,697		2,633	27,697	
	-5120-084		6/30/2009-							
Nonpublic School Transportation	N/A	2,314	7/01/2007-							
	N/A		6/30/2008-	\$ (2,314)	2,314					
Nonpublic School Transportation	N/A	3,295	7/01/2008-			3,295		\$ (3,295)		
	N/A		6/30/2009-							
Extraordinary Special Education Costs Aid	08-100-034	6,702	7/01/2007-							
	-5120-473		6/30/2008-	(6,702)	6,702					
Extraordinary Special Education Costs Aid	09-100-034	30,274	7/01/2008-			30,274		(30,274)		
	-5120-473		6/30/2009-							
Reimbursed TPAF Social Security Contribution	08-495-034	140,402	7/01/2007-	(7,068)	7,068					
	-5095-002		6/30/2008-							
Reimbursed TPAF Social Security Contribution	09-495-034	151,406	7/01/2008-		144,076	151,406		(7,330)		
	-5095-002		6/30/2009-							
On-Behalf TPAF Pension Contribution-Post Retirement Medical	09-495-034	115,484	7/01/2008-		115,484	115,484				
	-5095-001		6/30/2009-							
On-Behalf TPAF Pension Contribution-Non Contributory Group Insurance	09-495-034	6,053	7/01/2008-		6,053	6,053				
	-5095-007		6/30/2009-							
Total General Fund				(16,064)	2,220,183	2,244,998	\$	(40,899)	\$	184,798
Special Revenue Fund	06-495-034	4,000	7/01/2005-							
	-5120-053		6/30/2008-	114			114			
Character Education	N/A	420	7/01/2004-							
	N/A		6/30/2005-	25			25			
Teacher Quality Enhancement				139			139			
Total Special Revenue Fund				178			178			
NJ Economic Development Authority										
Capital Project Fund	SP 202707	23,076	N/A	(23,076)	23,076					23,076
Door Replacement at Alpha Public School										
State Department of Agriculture										
Enterprise Fund	08-100-010	1,431	7/01/2007-							
	-3350-023		6/30/2008-	(67)	67					1,431
State School Lunch Program	08-100-010	1,526	7/01/2008-		1,441	1,526		(85)		
	-3350-023		6/30/2009-	(67)	1,508	1,526		(85)		
Total Enterprise Fund				(134)	1,575	1,552		(170)		1,526
TOTAL STATE FINANCIAL ASSISTANCE				\$ (39,068)	\$ 2,244,767	\$ 2,246,524	\$	(40,984)	\$	184,798
										\$ 2,424,730

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2009

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

NOTE 3. RELATIONSHIP OF GENERAL-PURPOSE FINANCIAL STATEMENTS

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 PL 2003, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$99,846) for the general fund and \$22,857 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund			\$ 2,145,152	\$ 2,145,152
Special Revenue Fund	\$ 1,000	\$ 145,924	2,046	148,970
Food Service Fund		27,877	1,526	29,403
	<u>\$ 1,000</u>	<u>\$ 173,801</u>	<u>\$ 2,148,724</u>	<u>\$ 2,323,525</u>

ALPHA BOROUGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2009
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2009. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2009.

ALPHA BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)

NOT APPLICABLE

Dollar Threshold used to Distinguish Between
Type A and Type B Programs:

Auditee qualified as a low-risk auditee

_____ Yes _____ No

State Awards

Dollar Threshold used to Distinguish Between
Type A and Type B Programs:

_____ \$300,000 _____

Auditee Qualified as low-risk auditee

_____ X _____ Yes _____ No

Type of Auditor's Report Issued on Compliance
for Major Programs:

_____ Unqualified _____

Internal Control Over Major Programs:

1. Material weakness(es) identified?

_____ Yes _____ X _____ No

2. Reportable conditions identified
that are not considered to be material
weaknesses?

_____ Yes _____ X _____ No

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:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
09-495-034-5120-078	\$ 1,665,699	Equalization Aid

ALPHA BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SECTION II-FINANCIAL STATEMENT FINDINGS

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

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS

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

ALPHA BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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There were no prior year findings or questioned costs.