

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Township of Allamuchy Board of Education  
Allamuchy, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

**Prepared by**

**Township of Allamuchy Board of Education  
Finance Department**

## **Introductory Section**

ALLAMUCHY TOWNSHIP BOARD OF EDUCATION  
P.O. BOX B  
ALLAMUCHY, NJ 07820

October 5, 2011

Mr. Francis Gavin, President  
Members of the Board of Education  
Allamuchy School District  
P.O. Box B  
Allamuchy, NJ 07820

Dear Board Members:

The comprehensive annual financial report of the Allamuchy Board of Education for the fiscal year ended June 30, 2011 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 Allamuchy Board of Education (the "District"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic 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 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter of 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal controls structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES**: The Allamuchy Board of Education is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups on the District are included in this report. Allamuchy Board of Education is presently comprised of one school and therefore, represents the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular education as well as special education for students with disabilities. The District completed the 2010 - 2011 fiscal year with an enrollment of 423 students, which

is 36 students above the previous year's enrollment. The following chart details the changes in student enrollment of the District over the last five years.

**Average Daily Enrollment**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	423	9.3%
2009-2010	387	2.9%
2008-2009	376	3.2%
2007-2008	364	1.0%
2006-2007	360	1.0%
2005-2006	356	5.0%

**1. ECONOMIC CONDITION AND OUTLOOK:** The Allamuchy area is developing at a faster rate than was experienced in the last decade due to a housing development coming on line that are located within the Township. This has resulted in an increase in the tax base. Although at this time construction start and completion dates are uncertain, expansion is expected to continue and the Allamuchy area will continue to prosper. An increase in ratables from 2010 to 2011 proves this.

**1. MAJOR INITIATIVES:** Student Achievement and Growth continues to be the major focus of activities within the District. Professional staff has worked hard to review and revise curriculum to align to the New Jersey Core Curriculum Standards. State assessment results in grades 3-8 are utilized to strengthen both program offerings and teaching strategies. To support that effort, new computerized assessment programs have been purchased and installed and staff have received professional development. Extended block scheduling allows for 400 minutes of math/per week and language arts in all grades. School wide enrichment activities are geared to reach all students and are supplemented by an active after school program. Of particular note is our commitment to activities outside the traditional classroom, emphasizing authentic and inquiry based learning Transportation is provided to all students and for all activities, including summer enrichment programs and extra curricular clubs and sports. Professional staff development is stressed and Allamuchy has a relationship with Centenary College as Professional Development School. Staff and students have access to one of the most beautiful natural resource areas in the state. During the year the administration and staff made a major effort in the area of environmental education utilizing the unique and rich environment surrounding the property of the Mountain Villa School. These initiatives include fishing, kayaking, hiking and team building. Students utilize technology in the form of video field guides for content enrichment, i-pads and other state of the art technologies. Recent improvements have assured that all district classrooms are equipped with video projectors and SmartBoards.

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

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

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

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

3. **BUDGETARY CONTROLS**: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project 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 appropriations of fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance at June 30, 2011.

4. **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.
5. **DEBT ADMINISTRATION**: As of June 30, 2011, the District's outstanding debt was \$10,984,874.90. This includes a \$10.4 million bond secured for the renovation/construction of the Villa Madonna property and a COPS refinanced on August 29, 2009 with an issue price of \$1,732,223.74. The Mountain Villa School houses the preschool through grade 1 classes.
6. **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 which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive / collision, hazard and theft insurance on property and contents, and fidelity bonds.
8. **OTHER INFORMATION:**  
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered certified municipal accountants. The accounting firm of T.M. Vrabel & Associates, LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 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 combined 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.

9. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Allamuchy Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support of 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 business and administrative staff.

Respectfully submitted,

  
\_\_\_\_\_  
Dr. Timothy Frederiks, Ed.D.  
Superintendent

  
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Peter Pearson  
School Business Administrator / Board Secretary

Allamuchy Township Board of Education

Auditor

Attorney

Treasurer of School Monies

Superintendent

Principal

Administrative Staff

Supervisor of Special Services

Special Ed/Programs

Aides

School Business Administrator  
Board Secretary

Assistant to Board Secretary

Custodians – Bus Drivers

Professional Staff

TOWNSHIP OF ALLAMUCHY BOARD OF EDUCATION  
ALLAMUCHY, NEW JERSEY

ROSTER OF OFFICIALS  
as of  
June 30, 2011

Board Members

	<u>Term Expires</u>
Francis Gavin – President	2014
James Britt – Vice President	2012
William Cramer	2012
Guy D’Esposito	2014
John Egan	2013
Brant Gibbs	2014
Christine Kensicki	2012
Michael Pelletier	2013
Mary Renaud	2013

Other Officials

Dr. Timothy Frederiks, Superintendent  
Peter Pearson, Interim School Business Administrator  
Donna Trainello, Assistant to Board Secretary  
Tina Kay, Administrative Assistant  
Betty C. Drake, Treasurer

TOWNSHIP OF ALLAMUCHY BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS

Audit Firm

T. M. Vrabel & Associates, LLC  
P.O. Box 541  
Denville, NJ 07834

Attorney

Robert Clark, Labor Relations  
Linda Ott, General Council  
Barry Marell, Land Transaction  
Apruzzese, McDermott, Mastro & Murphy  
25 Independence Blvd.  
P.O. Box 112  
Liberty Corner, NJ 07938

Schwartz Simon Edelstein Celso & Zitomer, LLP  
44 Whippany Rd.  
PO Box 2355  
Morristown, NJ 07962

Coughlin Duffy LLP  
350 Mount Kemble Ave.  
PO Box 1917  
Morristown, NJ 07962

TOWNSHIP OF ALLAMUCHY BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS  
(Continued)

Engineers

Kenneth F. Yudichak  
112 East Cherokee Trail  
Albrightville, PA 18210

Official Depository

Skylands Community Bank  
24-26 Crossroads Center South  
Route 517  
Hackettstown, NJ 07840

Investors Bank  
388 State Rt. 517 West  
Washington, NJ 07882

## **Financial Section**

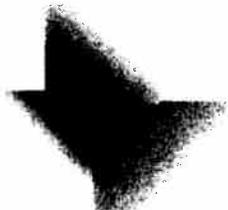
## **Independent Auditor's Report**



*T. M. Vrabel & Associates, LLC*  
*Accountants and Auditors*

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*Timothy M. Vrabel, RMA, PSA*  
*Chris C. Hwang, CPA*



INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Township of Allamuchy School District  
County of Warren, New Jersey

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Allamuchy School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Allamuchy School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Allamuchy School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2011 on our consideration of the Township of Allamuchy School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*170 East Main Street*  
*P.O. Box 541*  
*Denville, NJ 07834*  
*973-625-2920 Fax: 973-625-8733*  
*Email: tmvrabeldvc@optonline.net*

The Management's Discussion and Analysis on page 14 through 20 and budgetary comparison information on schedules C-1 and C-2 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 as promulgated by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Allamuchy School District'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 our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget 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 our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



Timothy M. Vrabel  
Public School Accountant  
License No. CS000698



Chris C. W. Hwang  
Certified Public Accountant  
License No. CC033704

October 7, 2011

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART I**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is our discussion and analysis of the Allamuchy Township School District financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

### FINANCIAL HIGHLIGHTS

- Total net assets increased by \$230,000; total liabilities decreased by \$296,000. Capital assets (net of debt) increased by \$282,000 and other assets decreased by \$66,000 (Table 1).
- General revenues accounted for \$7.270 million of revenue, or 80.4% of all revenue. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1.775 million or 19.6% of total revenues of \$9.045 million (Table 2).
- The district had \$8.814 million in expenses; only \$1.775 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7.270 million were adequate to provide for these programs (Table 2).
- Total cost of all of the District's programs was \$9.114 million in 2010–2011 compared to \$11.096 million in 2009–2010, which represents a 17.8 percent decrease from 2009–2010 primarily from decreased capital outlay expenditures (Table 3).

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 23 and 24) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

### Reporting the District as a Whole

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

Our analysis of the District as a whole begins on page 16. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities: Most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- Business-type-activities: The District has one proprietary fund as shown on pages 31, 32 and 33.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

Our analysis of the District's major funds begins on page 18. The fund financial statements begin on page 27 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

*Governmental funds:* most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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 District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on page 29.

*Proprietary funds:* when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

### **The District as Trustee**

#### **Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 35 and 36. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE DISTRICT AS A WHOLE

The District's combined net assets changed from a year ago, increasing from \$5.052 million to 5.282 million. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental and business-type activities as of June 30.

**Table 1**  
**Net Assets (in Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	362	459	24	26	386	485
Capital assets	16,671	16,636	51	53	16,722	16,689
Total assets	<u>17,033</u>	<u>17,095</u>	<u>75</u>	<u>79</u>	<u>17,108</u>	<u>17,174</u>
Long-term debt outstanding	11,656	11,918			11,656	11,918
Other liabilities	168	195	2	9	170	204
Total liabilities	<u>11,824</u>	<u>12,113</u>	<u>2</u>	<u>9</u>	<u>11,826</u>	<u>12,122</u>
Net assets:						
Invested in capital assets, net of debt	5,180	4,896	51	53	5,231	4,949
Restricted	105	278			105	278
Unrestricted (deficit)	<u>(76)</u>	<u>(192)</u>	<u>22</u>	<u>17</u>	<u>(54)</u>	<u>(175)</u>
Total net assets	<u>5,209</u>	<u>4,982</u>	<u>73</u>	<u>70</u>	<u>5,282</u>	<u>5,052</u>

Net assets of the district's governmental activities increased by 4.56 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased by \$116,000. Restricted net assets, those restricted mainly for capital projects decreased by \$173,000. Both net asset categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues. The investment in capital assets, net of debt category increased by \$284,000.

**Table 2**  
**Changes in Net Assets (in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Revenues</u>						
Program revenues:						
Charges for Services	545	503	109	106	654	609
Operating Grants and Contributions	1,093	1,236	28	26	1,121	1,262
General revenues:						
Property Taxes	6,918	6,842			6,918	6,842
Tuition	213	149			213	149
Federal and State Aid	75	149			75	149
Interest and Investment Earnings	6	25			6	25
Other General Revenues	58	34	-	-	58	34
Total Revenues:	<u>8,908</u>	<u>8,938</u>	<u>137</u>	<u>132</u>	<u>9,045</u>	<u>9,070</u>
<u>Program expenses including indirect expenses</u>						
Instruction:						
Regular	2,491	2,607			2,491	2,607
Special	744	758			744	758
Other instruction	130	113			130	113
Support services:						
Tuition	1,556	1,780			1,556	1,780
Student and instruction related services	1,030	844			1,030	844
School administrative services	387	344			387	344
General and business administrative services	341	289			341	289
Plant operations and maintenance	847	900			847	900
Pupil transportation	656	604			656	604
Interest on long-term debt	499	511			499	511
Business-type activities:						
Food Services	-	-	133	126	133	126
Total Expenses	<u>8,681</u>	<u>8,750</u>	<u>133</u>	<u>126</u>	<u>8,814</u>	<u>8,876</u>
Increase (Decrease) in Net Assets	<u>227</u>	<u>188</u>	<u>4</u>	<u>6</u>	<u>231</u>	<u>194</u>

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District's operations. Property taxes made up 82.8% of revenues for government activities for the Allamuchy Township School District for fiscal year 2011 and 81.7% for fiscal year 2010. Property tax revenues increased \$71,896, which is a 1.0% increase over the prior year. Federal, state and local grants accounted for another 13.1% of revenue.

**THE DISTRICT'S FUNDS****Governmental Activities****Table 3****Information below compares revenues and expenditures for all governmental fund types for 2010-2011 and 2009-2010**

(\$000 omitted)

<u>Revenues by Source:</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>% Change</u>
Local Tax Levy	7,375	7,303	0.99%
Tuition Charges	213	149	42.95%
Transportation Fees	88	42	109.52%
Interest Earned to Investments	6	25	-76.00%
Miscellaneous	<u>72</u>	<u>77</u>	-6.49%
Total - Local Sources	7,754	7,596	2.08%
State Sources	790	1,079	-26.78%
Federal Sources	<u>364</u>	<u>263</u>	38.40%
Total Revenues	<u>8,908</u>	<u>8,938</u>	-0.34%

(\$000 omitted)

<u>Expenditures by Function:</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>% Change</u>
Current:			
Regular Instruction	1,638	1,750	-6.40%
Special education	540	571	-5.43%
Other instruction	90	77	16.88%
Support Services and undistributed costs:			
Tuition	1,556	1,781	-12.63%
Student and instruction related services	770	610	26.23%
School administrative services	260	243	7.00%
General and Business administrative services	281	234	20.09%
Plant operations and maintenance	741	784	-5.48%
Pupil transportation	540	488	10.66%
Employee Benefits	1,631	1,542	5.77%
Capital Outlay	287	2,232	-87.14%
Debt Service:			
Principal	279	271	2.95%
Interest on long-term debt	<u>501</u>	<u>513</u>	-2.34%
Total Expenditures	<u>9,114</u>	<u>11,096</u>	-17.86%

**Business-type Activities**

The District's only Enterprise Fund is the Food Service Fund. The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 4, which demonstrates return on ending assets and return on ending net assets.

**Table 4**

(\$000 omitted)

	Food Service <u>Fund</u>
Total Assets	76
Net Assets	73
Change in Net Assets	4
Return on Ending Total Assets	5.26%
Return on Ending Net Assets	5.48%

**CAPITAL ASSET AND DEBT ADMINISTRATION****Capital Assets****Table 5****Capital Assets at Year-end****(Net of Depreciation, in thousands)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	2,311	2,311			2,311	2,311
Land Improvements	263	250			263	250
Buildings	6,035	6,035			6,035	6,035
Machinery and Equipment	1,535	1,394	74	72	1,609	1,466
Construction-in-progress	10,060	9,928	-	-	10,060	9,928
Subtotal	20,204	19,918	74	72	20,278	19,990
Accumulated Depreciation	(3,533)	(3,282)	(23)	(19)	(3,556)	(3,301)
Totals	<u>16,671</u>	<u>16,636</u>	<u>51</u>	<u>53</u>	<u>16,722</u>	<u>16,689</u>

The District's 2011-2012 capital budget anticipates a spending level of \$92,145 . The District's capital assets are presented in Note III:C. to the basic financial statements.

## DEBT

At year – end the District had total debt of \$10,985,000 outstanding versus \$11,264,000 last year – a decrease of 2.48 percent – as shown in Table 6.

**Outstanding Debt, at year –end (in thousands)**  
**Table 6**

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
Serial Bonds	10,240	10,295
Loans		
Lease Purchase Agreement	745	969
Temporary Notes		
Authorized but not Issued	-	-
	<u>10,985</u>	<u>11,264</u>

An analysis of District Debt is presented in Note III:D. to the basic financial statements.

## BUDGETS

The significant variances between the originally adopted budget for the year 2010-2011, and the final budget were caused by the treatment of encumbrances that are added to the original budget. In addition, the State pension payments, which are paid by the State on behalf of employees are not budgeted, however they are counted as an expense in the audit.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Allamuchy Township School District, Allamuchy, New Jersey.

## **BASIC FINANCIAL STATEMENTS**

**Section A**

**DISTRICT – WIDE FINANCIAL STATEMENTS**

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Statement of Net Assets  
June 30, 2011**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 44,260.10	\$ 17,614.99	\$ 61,875.09
Receivables, net	209,408.75		209,408.75
Interfund receivables		4,928.22	4,928.22
Inventory		1,776.13	1,776.13
Restricted assets:			
Cash and cash equivalents	108,044.63		108,044.63
Capital reserve account - cash	1.00		1.00
Capital assets, net (Note III:C.):	<u>16,671,497.19</u>	<u>51,256.00</u>	<u>16,722,753.19</u>
Total Assets	<u>17,033,211.67</u>	<u>75,575.34</u>	<u>17,108,787.01</u>
<b>LIABILITIES</b>			
Accounts payable	6,340.94	640.85	6,981.79
Interfund payable	4,816.22	112.00	4,928.22
Payable to federal government	20.00		20.00
Bond interest payable	139,851.67		139,851.67
Deferred revenue	16,865.97	1,331.19	18,197.16
Other	125.00		125.00
Noncurrent liabilities (Note IV:B.):			
Due within one year	392,422.52		392,422.52
Due beyond one year	<u>11,263,951.44</u>	<u>-</u>	<u>11,263,951.44</u>
Total liabilities	<u>11,824,393.76</u>	<u>2,084.04</u>	<u>11,826,477.80</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	5,179,798.84	51,256.00	5,231,054.84
Restricted for:			
Capital projects	15,550.36		15,550.36
Debt service	(139,851.69)		(139,851.69)
Other purposes	229,537.94		229,537.94
Unrestricted	<u>(76,217.54)</u>	<u>22,235.30</u>	<u>(53,982.24)</u>
Total Net Assets	<u>\$ 5,208,817.91</u>	<u>\$ 73,491.30</u>	<u>\$ 5,282,309.21</u>

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

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Statement of Activities  
For the Year Ended June 30, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>	<b>Expenses</b>					
Governmental activities:						
Instruction:						
Regular	\$ 2,491,106.97	\$ 203,424.92		\$ (2,287,682.05)		\$ (2,287,682.05)
Special education	743,633.02	348,176.05		(395,456.97)		(395,456.97)
Other instruction	129,510.71	7,614.69		(121,896.02)		(121,896.02)
Support services:						
Tuition	1,555,773.45	92,565.14		(1,463,208.31)		(1,463,208.31)
Student and instruction related services	1,030,125.48	244,596.52		(785,528.96)		(785,528.96)
School administrative services	386,756.18	24,914.47		(361,841.71)		(361,841.71)
General and business administrative services	341,511.47	11,987.47		(329,524.00)		(329,524.00)
Plant operations and maintenance	847,300.34	24,091.32		(823,209.02)		(823,209.02)
Pupil transportation	655,654.41	93,313.85		(474,161.03)		(474,161.03)
Interest on long-term debt	498,874.74	42,352.00		-		-
Total governmental activities	<u>8,680,246.77</u>	<u>1,093,036.43</u>		<u>(7,042,508.07)</u>		<u>(7,042,508.07)</u>
Business-type activities:						
Food Service	132,998.63	109,170.31	27,631.14		3,802.82	3,802.82
Total business-type activities	<u>132,998.63</u>	<u>109,170.31</u>	<u>27,631.14</u>		<u>3,802.82</u>	<u>3,802.82</u>
Total primary government	\$ <u>8,813,245.40</u>	\$ <u>653,872.58</u>	\$ <u>1,120,667.57</u>	\$ <u>(7,042,508.07)</u>	\$ <u>3,802.82</u>	\$ <u>(7,038,705.25)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				\$ 6,636,849.00		\$ 6,636,849.00
Property taxes, levied for debt service principal				281,505.26		281,505.26
Federal and State aid not restricted				75,250.68		75,250.68
Tuition (other than special schools)				213,009.68		213,009.68
Investment Earnings				5,954.53		5,954.53
Miscellaneous Income				57,887.98		57,887.98
Debt Service Assessment				(1,110.00)		(1,110.00)
Total general revenues, special items, extraordinary items and transfers				<u>7,269,347.13</u>		<u>7,269,347.13</u>
Change in Net Assets				226,839.06	3,802.82	230,641.88
Net Assets—beginning				4,981,978.85	69,688.48	5,051,667.33
Net Assets—ending				\$ 5,208,817.91	\$ 73,491.30	\$ 5,282,309.21

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

**Section B**

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Balance Sheet  
Governmental Funds  
June 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 103,159.06	\$ (58,898.94)	\$ 108,044.63	\$ (0.02)	\$ 152,304.73
Interfunds receivable	112.00				112.00
Receivables from other governments	74,665.89	57,352.10			132,017.99
Tuition receivable	26,076.70				26,076.70
Transportation fees receivable	3,926.30				3,926.30
Other	29,534.95	17,852.81			47,387.76
Restricted cash and cash equivalents	<u>1.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.00</u>
Total Assets	<u>\$ 237,475.90</u>	<u>\$ 16,305.97</u>	<u>\$ 108,044.63</u>	<u>\$ (0.02)</u>	<u>\$ 361,826.48</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 6,340.94	\$ -	\$ -	\$ -	\$ 6,340.94
Interfunds payable	4,928.22				4,928.22
Payable to federal government		20.00			20.00
Deferred revenue	580.00	16,285.97			16,865.97
Other	<u>125.00</u>	<u>-</u>			<u>125.00</u>
Total Liabilities	<u>11,974.16</u>	<u>16,305.97</u>			<u>28,280.13</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	1.00				1.00
Capital Projects			15,549.36		15,549.36
Debt Service				(0.02)	(0.02)
Assigned to:					
Other Purposes	137,042.67		92,495.27		229,537.94
Unassigned	<u>88,458.07</u>		<u>-</u>	<u>-</u>	<u>88,458.07</u>
Total Fund Balances	<u>225,501.74</u>	<u>-</u>	<u>108,044.63</u>	<u>(0.02)</u>	<u>333,546.35</u>
Total Liabilities and Fund Balances	<u>\$ 237,475.90</u>	<u>\$ 16,305.97</u>	<u>\$ 108,044.63</u>	<u>\$ (0.02)</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Adjustment to Debt Service Fund net assets for the accrual of interest expence. (139,851.67)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,204,682.31 and the accumulated depreciation is \$3,533,185.12. 16,671,497.19

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note IV:B.) (11,656,373.96)

Net assets of governmental activities \$ 5,208,817.91

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

**BOARD OF EDUCATION**  
**TOWNSHIP OF ALLAMUCHY**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 6,636,849.00	\$ -	\$ -	\$ 738,028.00	\$ 7,374,877.00
Tuition charges	213,009.68				213,009.68
Transportation fees	88,179.53				88,179.53
Interest earned on investments	5,954.53				5,954.53
Miscellaneous	<u>57,887.98</u>	<u>13,961.03</u>	-	-	<u>71,849.01</u>
Total - Local Sources	7,001,880.72	13,961.03	-	738,028.00	7,753,869.75
State sources	741,369.72	6,410.00		42,352.00	790,131.72
Federal sources	<u>23,439.00</u>	<u>340,755.36</u>	-	-	<u>364,194.36</u>
Total Revenues	<u>7,766,689.44</u>	<u>361,126.39</u>	-	<u>780,380.00</u>	<u>8,908,195.83</u>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	1,594,072.90	44,165.55			1,638,238.45
Special education instruction	434,668.69	105,505.66			540,174.35
Other instruction	89,954.83				89,954.83
Support services and undistributed costs:					
Tuition	1,555,773.45				1,555,773.45
Student and instruction related services	587,856.14	182,056.40			769,912.54
School administrative services	260,255.61				260,255.61
General and business administrative services	280,659.62				280,659.62
Plant operations and maintenance	741,388.18				741,388.18
Pupil transportation	539,984.23				539,984.23
Unallocated benefits	1,608,017.47	22,988.78			1,631,006.25
Capital outlay	147,774.50	6,410.00	132,404.22		286,588.72
Debt service:					
Principal				279,141.99	279,141.99
Interest and other charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,237.57</u>	<u>501,237.57</u>
Total Expenditures	<u>7,840,405.62</u>	<u>361,126.39</u>	<u>132,404.22</u>	<u>780,379.56</u>	<u>9,114,315.79</u>
Excess (Deficiency) of revenues over expenditures					
	<u>(73,716.18)</u>	<u>-</u>	<u>(132,404.22)</u>	<u>0.44</u>	<u>(206,119.96)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Capital leases (non-budgeted)	135,308.00				135,308.00
Debt Service Assessment	<u>(1,110.00)</u>				<u>(1,110.00)</u>
Total Other Financing Sources and (Uses)	<u>134,198.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,198.00</u>
Net change in fund balances					
	60,481.82	-	(132,404.22)	0.44	(71,921.96)
Fund Balance—July 1	<u>165,019.92</u>	<u>-</u>	<u>240,448.85</u>	<u>(0.46)</u>	<u>405,468.31</u>
Fund Balance—June 30	<u>\$ 225,501.74</u>	<u>\$ -</u>	<u>\$ 108,044.63</u>	<u>\$ (0.02)</u>	<u>\$ 333,546.35</u>

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

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2011**

<b>Total net change in fund balances - governmental funds (from B-2)</b>		(71,921.96)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an addition in the reconciliation. (+)		
	Interest paid	501,237.57
	Interest accrued	<u>(498,874.74)</u>
		2,362.83
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
	Depreciation expense	(251,458.68)
	Capital outlays (exclusive of capital lease principal payments)	<u>286,588.72</u>
		35,130.04
Adjustment to Capital Assets in accordance with physical appraisal		
		-
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)		
		-
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition in the reconciliation (+).		
		1,898.78
Payment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		
	Debt principal	279,141.99
	Capital lease principal	104,926.38
	Unfunded Pension Liability (ERIP)	10,609.00
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
	Proceeds of long-term debt	-
	Capital lease proceeds	(135,308.00)
Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)		
		-
<b>Change in net assets of governmental activities</b>		<u>226,839.06</u>

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

**PROPRIETARY FUNDS**

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Statement of Net Assets  
Proprietary Funds  
June 30, 2011**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Totals</u></b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 17,614.99	\$ 17,614.99
Interfund receivables	4,928.22	4,928.22
Inventories	<u>1,776.13</u>	<u>1,776.13</u>
Total Current Assets	<u>24,319.34</u>	<u>24,319.34</u>
Noncurrent assets:		
Furniture, machinery and equipment	74,418.68	74,418.68
Less accumulated depreciation	<u>(23,162.68)</u>	<u>(23,162.68)</u>
Total Noncurrent Assets	<u>51,256.00</u>	<u>51,256.00</u>
Total Assets	<u>75,575.34</u>	<u>75,575.34</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	640.85	640.85
Interfund payable	112.00	112.00
Deferred revenue	<u>1,331.19</u>	<u>1,331.19</u>
Total Current Liabilities	<u>2,084.04</u>	<u>2,084.04</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	51,256.00	51,256.00
Unrestricted	<u>22,235.30</u>	<u>22,235.30</u>
Total Net Assets	<u>\$ 73,491.30</u>	<u>\$ 73,491.30</u>

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

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2011**

	<b>Business-type Activities - Enterprise Funds</b>	
	<u>Food Service</u>	<u>Totals</u>
<b>Operating Revenues:</b>		
Charges for services:		
Daily sales - reimbursable programs	\$ 75,477.67	\$ 75,477.67
Daily sales - non-reimbursable programs	<u>33,692.64</u>	<u>33,692.64</u>
Total Operating Revenues	<u>109,170.31</u>	<u>109,170.31</u>
<b>Operating Expenses:</b>		
Cost of sales	67,982.36	67,982.36
Salaries	36,554.44	36,554.44
Employee benefits	5,161.92	5,161.92
Management Fee	6,695.00	6,695.00
Cleaning, repair and maintenance services	4,570.60	4,570.60
Other purchased services	3,846.54	3,846.54
General supplies	3,848.55	3,848.55
Depreciation	<u>4,339.22</u>	<u>4,339.22</u>
Total Operating Expenses	<u>132,998.63</u>	<u>132,998.63</u>
Operating Income (Loss)	<u>(23,828.32)</u>	<u>(23,828.32)</u>
<b>Nonoperating Revenues (Expenses):</b>		
State sources:		
State school lunch program	1,537.81	1,537.81
Federal sources:		
National school lunch program	20,416.28	20,416.28
Food distribution program	<u>5,677.05</u>	<u>5,677.05</u>
Total Nonoperating Revenues (Expenses)	<u>27,631.14</u>	<u>27,631.14</u>
Income (loss) before contributions and transfers	3,802.82	3,802.82
Capital contributions and transfers	<u>-</u>	<u>-</u>
Change in net assets	3,802.82	3,802.82
Total Net Assets—Beginning	<u>69,688.48</u>	<u>69,688.48</u>
Total Net Assets—Ending	<u>\$ 73,491.30</u>	<u>\$ 73,491.30</u>

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

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2011**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Food</b>	
	<b><u>Service</u></b>	<b><u>Totals</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 114,077.54	\$ 114,077.54
Payments to employees	(36,554.44)	(36,554.44)
Payments for employee benefits	(5,161.92)	(5,161.92)
Payments to suppliers	<u>(94,219.31)</u>	<u>(94,219.31)</u>
Net cash provided by (used for) operating activities	<u>(21,858.13)</u>	<u>(21,858.13)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	1,537.81	1,537.81
Federal Sources	<u>26,093.33</u>	<u>26,093.33</u>
Net cash provided by (used for) non-capital financing activities	<u>27,631.14</u>	<u>27,631.14</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	<u>(2,162.08)</u>	<u>(2,162.08)</u>
Net cash provided by (used for) capital and related financing activities	<u>(2,162.08)</u>	<u>(2,162.08)</u>
Net increase (decrease) in cash and cash equivalents	3,610.93	3,610.93
Balances—beginning of year	<u>14,004.06</u>	<u>14,004.06</u>
 Balances—end of year	 <u>\$ 17,614.99</u>	 <u>\$ 17,614.99</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ (23,828.32)	\$ (23,828.32)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and net amortization	4,339.22	4,339.22
(Increase) decrease in accounts receivable, net	3,576.04	3,576.04
(Increase) decrease in inventories	900.48	900.48
Increase (decrease) in accounts payable	(8,176.74)	(8,176.74)
Increase (decrease) in deferred revenue	<u>1,331.19</u>	<u>1,331.19</u>
Total adjustments	<u>1,970.19</u>	<u>1,970.19</u>
Net cash provided by (used for) operating activities	<u>\$ (21,858.13)</u>	<u>\$ (21,858.13)</u>

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

## **FIDUCIARY FUNDS**

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Agency <u>Fund</u></b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,271.06	\$ 32,385.20
Total Assets	<u>\$ 4,271.06</u>	<u>\$ 32,385.20</u>
<b>LIABILITIES</b>		
Payable to student groups		\$ 24,415.67
Payroll deductions and withholdings		7,969.53
Total Liabilities		<u>\$ 32,385.20</u>
<b>NET ASSETS</b>		
Held in trust for unemployment claims and other purposes	<u>\$ 4,271.06</u>	

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

**BOARD OF EDUCATION**  
**TOWNSHIP OF ALLAMUCHY**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2011**

	Unemployment Compensation <u>Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Plan member	\$ 6,876.50
Total Contributions	<u>6,876.50</u>
Total Additions	<u>6,876.50</u>
<b>DEDUCTIONS</b>	
Unemployment claims	<u>8,963.90</u>
Total Deductions	<u>8,963.90</u>
Change in Net Assets	(2,087.40)
Net Assets—beginning	<u>6,358.46</u>
Net Assets—ending	<u>\$ 4,271.06</u>

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note 1: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Township of Allamuchy School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This Statement established new financial reporting requirements for state and local governments throughout the United States. It required new information and restructuring much of the information that governments had presented in the past. The District began implementing these standards for the fiscal year ending June 30, 2004.

Other GASB Statements were also required to be implemented in conjunction with GASB Statements No. 34. Therefore, the District implemented for the fiscal year ending June 30, 2004, Statement No. 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38 – Certain Financial Statement Note Disclosures.

B. Reporting Entity

The Township of Allamuchy School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

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 the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school located in Allamuchy. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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

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

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

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

Capital Projects Fund – 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 specially 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.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, 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 Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that the 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.

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:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note 1: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Appropriation of additional revenues in amount of \$23,439.00 and prior year encumbrances in the amount of \$179,247.99 were made during the year ended June 30, 2011. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the one or more June state aid payments 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.

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 reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including 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. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

2. 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.

3. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

4. Capital Assets (Continued)

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006.

5. Compensated Absences

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note IX)

6. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note I(F) regarding the special revenue fund.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

7. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

8. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note II: Reconciliation of Government Wide and Fund Financial Statements

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

"Total fund balances" of the District's governmental funds in B-1 differs from "net assets" of governmental activities reported in the statement of net assets in A-1. This difference primarily results from the long - term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

	<u>Balance Sheet/Statement of Net Assets</u>			<u>Statement</u>
<u>Assets</u>	<u>Total</u>	<u>Long - term</u>	<u>Reclassifications</u>	<u>of Net</u>
	<u>Governmental</u>	<u>Assets</u>	<u>and Eliminations</u>	<u>Assets</u>
	<u>Funds</u>	<u>Liabilities (1)</u>	<u>and Eliminations</u>	<u>Totals</u>
Cash and cash equivalents	\$ 152,304.73	\$ -	\$ (108,044.63)	\$ 44,260.10
Receivables, net			209,408.75	209,408.75
Interfund Receivables	112.00		(112.00)	-
Receivables from Other Governments	132,017.99		(132,017.99)	-
Tuition Receivable	26,076.70		(26,076.70)	-
Transportation Fees Receivable	3,926.30		(3,926.30)	-
Other Receivables	47,387.76		(47,387.76)	-
Restricted assets:				
Cash and cash equivalents			108,044.63	108,044.63
Capital Reserve Account - cash	1.00			1.00
Capital Assets, net	-	16,671,497.19	-	16,671,497.19
<b>Total Assets</b>	<b>\$ 361,826.48</b>	<b>\$ 16,671,497.19</b>	<b>\$ (112.00)</b>	<b>\$ 17,033,211.67</b>
 <u>Liabilities</u>				
Accounts Payable	\$ 6,340.94	\$ -	\$ -	\$ 6,340.94
Interfund Payable	4,928.22	-	(112.00)	4,816.22
Payable to Federal Government	20.00			20.00
Bond Interest Payable			139,851.67	139,851.67
Deferred Revenue	16,865.97			16,865.97
Other	125.00			125.00
Noncurrent Liabilities	-	11,491,698.35	164,675.61	11,656,373.96
<b>Total Liabilities</b>	<b>28,280.13</b>	<b>11,491,698.35</b>	<b>304,415.28</b>	<b>11,824,393.76</b>
 <u>Fund Balances/Net Assets</u>				
<u>Net Assets</u>				
Invested in capital assets, net of related debt		5,179,798.84		5,179,798.84
Restricted for:				
Capital projects	15,550.36			15,550.36
Debt Service	(0.02)		(139,851.67)	(139,851.69)
Other purposes	229,537.94			229,537.94
Unrestricted	88,458.07	-	(164,675.61)	(76,217.54)
<b>Total Fund Balances/Net Assets</b>	<b>333,546.35</b>	<b>5,179,798.84</b>	<b>(304,527.28)</b>	<b>5,208,817.91</b>
<b>Total Liabilities and Fund Balances/Net Assets</b>	<b>\$ 361,826.48</b>	<b>\$ 16,671,497.19</b>	<b>\$ (112.00)</b>	<b>\$ 17,033,211.67</b>

1. When Capital Assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 20,204,682.31
Accumulated depreciation	(3,533,185.12)
	<u>\$ 16,671,497.19</u>

Long - term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long - term are reported in the of net assets.

Serial Bonds	\$ 10,240,000.00
Lease Purchase Agreements	744,874.90
Capital Leases	506,823.45
Unfunded Pension Liability (ERIP)	60,692.00
Compensated Absences	103,983.61
	<u>\$ 11,656,373.96</u>

Adjustment to Debt Service Fund net assets for the accrual of interest expense.

\$ (139,851.67)

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note II: Reconciliation of Government Wide and Fund Financial Statements (Continued)

Explanation of Differences between Governmental Funds Operating Statement of Activities

The "net change in fund balances" for governmental funds in B-2 differs from the "change in net assets" for governmental activities reported in the statement of activities in A-2. The difference arise primarily for the long - term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

Revenues and Other Sources	Total Governmental Funds	Long - term Revenue, Expenses (2)	Capital Related Items (3)	Long - term Debt Transactions (4)	Reclassifications and Eliminations (5)	Statement of Activities Totals
Local Tax Levy	\$ 7,374,877.00	\$ -	\$ -	\$ -	\$ -	\$ 7,374,877.00
Tuition Charges	213,009.68					213,009.68
Transportation Fees	88,179.53					88,179.53
Interest Earned on Investments	5,954.53					5,954.53
Miscellaneous	71,849.01					71,849.01
State Sources	790,131.72					790,131.72
Federal Sources	364,194.36	-	-	-	-	364,194.36
Total	<u>8,908,195.83</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,908,195.83</u>
<b>Expenditures</b>						
<b>Current:</b>						
Regular instruction	1,638,238.45	-	139,309.78	282.21	713,276.53	2,491,106.97
Special education	540,174.35		12,079.86	(1,985.07)	193,363.88	743,633.02
Other instruction	89,954.83		3,141.55		36,414.33	129,510.71
<b>Support Services and undistributed costs:</b>						
Tuition	1,555,773.45					1,555,773.45
Student and instruction related services	769,912.54		3,130.37	(4,170.36)	261,252.93	1,030,125.48
School administrative services	260,255.61		3,130.37	4,226.34	119,143.86	386,756.18
General and business administrative services	280,659.62		3,526.37		57,325.48	341,511.47
Plant operations and maintenance	741,388.18		8,128.81	(17,424.12)	115,207.47	847,300.34
Pupil transportation	539,984.23		79,011.57	(87,754.16)	124,412.77	655,654.41
Unallocated Benefits	1,631,006.25			(10,609.00)	(1,620,397.25)	-
Capital Outlay	286,588.72		(286,588.72)			-
<b>Debt Service:</b>						
Principal	279,141.99			(279,141.99)		-
Interest	501,237.57	(2,362.83)	-	-		498,874.74
Total	<u>9,114,315.79</u>	<u>(2,362.83)</u>	<u>(35,130.04)</u>	<u>(396,576.15)</u>	<u>-</u>	<u>8,680,246.77</u>
<b>Other Financing Uses/Changes in Net Assets:</b>						
Capital Leases	135,308.00			(135,308.00)		-
Debt Service Assessment	(1,110.00)			-		(1,110.00)
Total	<u>134,198.00</u>	<u>-</u>	<u>-</u>	<u>(135,308.00)</u>	<u>-</u>	<u>(1,110.00)</u>
<b>Net Change for the Year</b>	<u>\$ (71,921.96)</u>	<u>\$ 2,362.83</u>	<u>\$ 35,130.04</u>	<u>\$ 261,268.15</u>	<u>\$ -</u>	<u>\$ 226,839.06</u>

2. In the statement of activities, interest on long -term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliations. (+)

\$ 2,362.83

3. Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (251,458.68)
Capital outlays (exclusive of capital lease payments)	286,588.72
	<u>\$ 35,130.04</u>

Adjustment to Capital Assets in accordance with physical appraisal

\$ -

3. In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)

\$ -

4. In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the differences is an addition to the reconciliation (+).

\$ 1,898.78

Repayment of debt and capital lease principal is an expenditure in the government funds, but the payment reduces long - term liabilities in the statement of net assets and is not reported in the statement of activities.

Debt principal	279,141.99
Capital lease principal	104,926.38
Unfunded Pension Liability (ERIP)	10,609.00
	<u>\$ 396,576.15</u>

4. Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities, issuing debt increases long - term liabilities in the statement of net assets.

Proceeds of long - term debt	\$ -
Capital lease proceeds	(135,308.00)
	<u>\$ (135,308.00)</u>

5. Allocate Benefits expenditures

BOARD OF EDUCATION  
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NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

At June 30, 2011 the Township of Allamuchy School District's cash and cash equivalent's amounted to \$541,319.52. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$291,319.52 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2011 the Township of Allamuchy School District had no participation in the State of New Jersey Cash Management Fund .

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Township of Allamuchy School District will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2011 none of the Township of Allamuchy School District's cash and cash equivalents of \$541,319.52 was exposed to custodial credit risk.

Uninsured and uncollateralized	\$	-0-
Uninsured and collateral held by public depository or by its' trust department not in the Township of Allamuchy School District name	\$	-0-
	\$	-0-

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Township of Allamuchy School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Allamuchy School District had no investments as described in Note I:G.1 at June 30, 2011.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

B. Interfund Receivables and Payables

As of June 30, 2011, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund	\$ 112.00	\$ 4,928.22
Enterprise Fund	<u>4,928.22</u>	<u>112.00</u>
	<u>\$ 5,040.22</u>	<u>\$ 5,040.22</u>

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments or Retirement</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,311,034.00	\$ -	\$ -	\$ 2,311,034.00
Construction in Progress	9,928,083.11	132,404.22	-	10,060,487.33
Total Capital assets not being depreciated	<u>12,239,117.11</u>	<u>132,404.22</u>	<u>-</u>	<u>12,371,521.33</u>
Land Improvements	250,271.00	12,466.50		262,737.50
Buildings and Improvements	6,035,286.11			6,035,286.11
Machinery and Equipment	<u>1,393,419.37</u>	<u>141,718.00</u>	-	<u>1,535,137.37</u>
Totals at historical cost	<u>7,678,976.48</u>	<u>154,184.50</u>	<u>-</u>	<u>7,833,160.98</u>
Less accumulated depreciation for:				
Land Improvements	(21,957.57)	(12,559.61)		(34,517.18)
Buildings and Improvements	(2,526,627.29)	(130,638.22)		(2,657,265.51)
Machinery and Equipment	<u>(733,141.58)</u>	<u>(108,260.85)</u>	-	<u>(841,402.43)</u>
Total accumulated depreciation	<u>(3,281,726.44)</u>	<u>(251,458.68)</u>	(1) -	<u>(3,533,185.12)</u>
Net capital assets being depreciated	<u>4,397,250.04</u>	<u>(97,274.18)</u>	<u>-</u>	<u>4,299,975.86</u>
Governmental activities capital assets, net	<u>\$ 16,636,367.15</u>	<u>\$ 35,130.04</u>	<u>\$ -</u>	<u>\$ 16,671,497.19</u>
Business - type activities:				
Equipment	\$ 72,256.60	\$ 2,162.08	\$ -	\$ 74,418.68
Less accumulated depreciation	<u>(18,823.46)</u>	<u>(4,339.22)</u>	<u>-</u>	<u>(23,162.68)</u>
Business - type activities capital assets, net	<u>\$ 53,433.14</u>	<u>\$ (2,177.14)</u>	<u>\$ -</u>	<u>\$ 51,256.00</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 139,309.78
Special Education	12,079.86
Other Instruction (Athletic)	3,141.55
Student and Instruction Related Services	3,130.37
School Administrative Services	3,130.37
General and Business Administrative Services	3,526.37
Plant Operations and Maintenance	8,128.81
Pupil Transportation	<u>79,011.57</u>
	<u>\$ 251,458.68</u>

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note IV: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has commitments for copiers operating leases which expire in 2014. Total operating lease payments made during the year ended June 30, 2011 were \$20,804.00. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2012	\$ 13,380.00
June 30, 2013	13,380.00
June 30, 2014	10,320.00
June 30, 2015	<u>700.00</u>
Total future minimum lease payments	<u>\$ 37,780.00</u>

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Long - Term debt:					
Serial Bonds	\$ 10,295,000.00	\$ -	\$ (55,000.00)	\$ 10,240,000.00	\$ 60,000.00
Lease Purchase Agreements	<u>969,016.89</u>	<u>-</u>	<u>(224,141.99)</u>	<u>744,874.90</u>	<u>236,455.43</u>
Total debt payable	<u>11,264,016.89</u>	<u>-</u>	<u>(279,141.99)</u> (1)	<u>10,984,874.90</u>	<u>296,455.43</u>
Other liabilities:					
Compensated Absences	105,882.39	9,515.22	(11,414.00)	103,983.61	-
Unfunded Pension Liability (ERIP)	71,301.00		(10,609.00)	60,692.00	10,609.00
Capital leases	<u>476,441.83</u>	<u>135,308.00</u>	<u>(104,926.38)</u>	<u>506,823.45</u>	<u>85,358.09</u>
Total other liabilities	<u>653,625.22</u>	<u>144,823.22</u>	<u>(126,949.38)</u> (2)	<u>671,499.06</u>	<u>95,967.09</u>
Governmental activities long - term liabilities	<u>\$ 11,917,642.11</u>	<u>\$ 144,823.22</u>	<u>\$ (406,091.37)</u>	<u>\$ 11,656,373.96</u>	<u>\$ 392,422.52</u>

(1) Paid by debt service fund

(2) Paid by general fund

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. Bonds Payable

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

Serial Bonds outstanding as of June 30, 2011 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
School Bonds of 2007	Various	03/15	2033	\$10,400,000.00	\$10,240,000.00

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
2012	\$ 60,000.00	\$ 460,337.50	\$ 520,337.50
2013	60,000.00	457,787.50	517,787.50
2014	65,000.00	455,237.50	520,237.50
2015	65,000.00	452,475.00	517,475.00
2016	365,000.00	449,550.00	814,550.00
2017	380,000.00	433,125.00	813,125.00
2018	400,000.00	416,025.00	816,025.00
2019	415,000.00	398,025.00	813,025.00
2020	435,000.00	379,350.00	814,350.00
2021	460,000.00	359,775.00	819,775.00
2022	480,000.00	339,075.00	819,075.00
2023	505,000.00	317,475.00	822,475.00
2024	525,000.00	294,750.00	819,750.00
2025	550,000.00	271,125.00	821,125.00
2026	580,000.00	246,375.00	826,375.00
2027	605,000.00	220,275.00	825,275.00
2028	635,000.00	193,050.00	828,050.00
2029	665,000.00	164,475.00	829,475.00
2030	695,000.00	134,550.00	829,550.00
2031	730,000.00	103,275.00	833,275.00
2032	765,000.00	70,425.00	835,425.00
2033	<u>800,000.00</u>	<u>36,000.00</u>	<u>836,000.00</u>
	<u>\$10,240,000.00</u>	<u>\$ 6,652,537.50</u>	<u>\$16,892,537.50</u>

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

2. Temporary Notes

There were no temporary notes outstanding as of June 30, 2011.

3. Bonds Authorized But Not Issued

There were no authorized but not issued bonds as of June 30, 2011.

4. Capital Leases Payable

The District is leasing buses and a truck totaling \$881,043.00 under capital leases. All capital leases are for terms of five to ten years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2011.

<u>Year</u>	<u>Amount</u>
2012	\$ 108,973.35
2013	108,973.35
2014	108,973.35
2015	90,148.39
2016	90,148.39
2017	27,669.00
2018	27,669.00
2019	17,194.00
2020	<u>17,194.00</u>
Total minimum lease payments	596,942.83
Less: Amount representing interest	<u>90,119.38</u>
Present value of net minimum Lease payments	<u>\$ 506,823.45</u>

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

5. Lease Purchase Agreement (COPs)

On May 15, 1994, pursuant to N.J.S.A. 18A:20-4.2(f), the Township of Allamuchy School District (the Lessee) entered into a school building lease purchase agreement with FFL Services Corporation (the Lessor) to finance the construction of an addition and other improvements to its existing facility and the acquisition of certain equipment. The approval was obtained from the Commissioner of Education of the State of New Jersey and the New Jersey Local Finance Board in the Department of Community Affairs on May 10, 1994. The building is located on land owned by the Board of Education that has been leased to FFL Services Corporation pursuant to a ground lease agreement dated May 15, 1994. Certificates of Participation (the Certificates) in the par amount of \$3,290,000.00 were issued and the proceeds together with \$14,646.81 accrued interest and less the Underwriter's and original discount of \$69,774.75 were budgeted as follows:

Project Construction Fund	\$2,725,308.60
Reserve Fund	279,512.20
Cost of Certificate Issuance	147,155.29
Capitalized Interest Fund	<u>82,895.67</u>
	<u>\$3,234,872.06</u>

On August 29, 2006, the outstanding COPS were refinanced through a lease purchase agreement at an issue price of \$1,732,223.74. The following schedule represents the remaining principal and interest due:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
2012	\$ 236,455.43	\$ 28,199.13	\$ 264,654.56
2013	248,415.02	17,289.54	265,704.56
2014	<u>260,004.45</u>	<u>5,850.10</u>	<u>265,854.55</u>
	<u>\$ 744,874.90</u>	<u>\$ 51,338.77</u>	<u>\$ 796,213.67</u>

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note V: Detailed Disclosure Regarding Fund Equity

A Capital Reserve Account

A capital reserve account was established by the Township of Allamuchy School District Board of Education by inclusion of \$1.00 on October 9, 2000 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 district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g) the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects at June 30, 2011 is \$1,264,500.00

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note VI: 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 New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations 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 PERS is considered a cost sharing multiple-employer defined benefit plan.

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

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1955, under the provisions of N.J.S.A. 18:66 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 post – retirement health care coverage.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

Retirement Benefits

For PERS and TPAF employees, the benefits will be 1/55 of the average of the three highest years compensation for each year of service. However, for PERS and TPAF who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note VI: Pension Plans (Continued)

Significant Legislation

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPPF, JRS, and SPRS) is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 72.1 percent and \$15.1 billion.

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. The pension funds provide for employee contributions based on 5.5 percent for TPAF and 5.5 percent for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note VI: Pension Plans (Continued)

Contribution Requirements (Continued)

During the state fiscal year ended June 30, 2010, for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, annual pension cost equals contributions made.

Contributions – Actual

The District's total payroll for the year ended June 30, 2011 was \$3,699,806.42 and covered payroll was \$2,371,699.00 for TPAF and \$833,056.00 for PERS. Contributions to the TPAF and the PERS for the years ended June 30, 2009, 2010 and 2011 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		TPAF	Percent of Covered Payroll	PERS	Percent of Covered Payroll
Employees	6/30/09	\$ 119,198.36	5.74%	\$ 41,583.78	5.71%
	6/30/10	129,422.22	5.53%	47,083.78	5.70%
	6/30/11	134,921.30	5.69%	45,896.99	5.51%
Board of Education	6/30/09	N/A	N/A	26,247.50	3.58%
	6/30/10	N/A	N/A	60,853.00	7.37%
	6/30/11	N/A	N/A	81,796.00	9.82%
State of New Jersey	6/30/09	136,124.00	6.56%	N/A	N/A
	6/30/10	140,845.00	6.01%	N/A	N/A
	6/30/11	154,623.00	6.52%	N/A	N/A

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$179,246.72 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

Early Retirement Incentive Programs

Legislation enacted in 1993 provided early retirement incentives for employees in PERS and TPAF who met certain age and service requirements and applied for retirement between certain dates. In PERS and TPAF the early retirement incentives included an additional five years of service credit, as defined, for employees at least age 50 with a minimum of 25 years of service; free health benefits for employees at least 60 years old with at least 20 years of service; an additional \$500 per month for employees at least age 60 with ten but less than 20 years. The Township of Allamuchy School District will assume the increased cost for the early retirement.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note VII: Post-Retirement Medical Benefits

P.L. 1987, c.384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, respectively, to fund post-retirement medical benefits for those employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the state contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

Note VIII: Risk Management

The Township of Allamuchy School 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.

The District is a member of the New Jersey School Boards Association Insurance Group (the "Group"). The Group is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost Workers' Compensation, Property Damage, Employer's Liability, Automobile and Equipment Liability, and Boiler and Machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The District pays an annual assessment to the Group and should it be determined that payments received by the Group are deficient, additional assessments may be levied. Additionally, the Fund maintains a contract of excess insurance with a commercial reinsuror to secure the payment of benefits.

The Township of Allamuchy School District continues to carry commercial insurance coverall for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Note VIII: Risk Management (Continued)

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

The following table is a summary of district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ -0-	\$ 6,876.50	\$ 8,963.90	\$ 4,271.06
2009-2010	-0-	6,645.03	4,253.00	6,538.46
2008-2009	-0-	8,137.76	6,455.05	3,957.43

Note IX: Compensated Absences

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

In accordance with District personnel policy:

Employees with ten (10) or more years of service in the district shall be entitled to reimbursement for accumulated unused sick leave upon retiring from teaching. Employees with twelve (12) or more years of service in the district shall be entitled to reimbursement for accumulated unused sick leave upon resigning from the district. Payment will be based upon sixty-five (65%) percent of the current highest substitute daily rate for the first one hundred and fifty (150) accumulated days and fifty-five (55%) percent for all remaining accumulated days.

All unused sick days shall be accumulated from year to year with no maximum limit.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the Food Service Fund.

Note X: Contingent Liabilities

The Township of Allamuchy School District is not aware of any lawsuits that could have material effect on its financial position

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART II**

**Section C**

**BUDGETARY COMPARISON SCHEDULES**

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>	
<b>REVENUES:</b>						
Local Sources:						
Local Tax Levy	\$ 6,636,849.00	\$ -	\$ 6,636,849.00	\$ 6,636,849.00	\$ -	
Tuition	253,176.00	-	253,176.00	213,009.68	(40,166.32)	
Transportation Fees	48,429.00	-	48,429.00	88,179.53	39,750.53	
Interest Earned on Investments	-	-	-	5,954.53	5,954.53	
Miscellaneous	163,410.00	-	163,410.00	57,887.98	(105,522.02)	
<b>Total - Local Sources</b>	<u>7,101,864.00</u>	<u>-</u>	<u>7,101,864.00</u>	<u>7,001,880.72</u>	<u>(99,983.28)</u>	
State Sources:						
Categorical Transportation Aid	34,998.00	-	34,998.00	34,998.00	-	
Categorical Special Education Aid	255,882.00	-	255,882.00	255,882.00	-	
Categorical Security Aid	35,354.00	-	35,354.00	35,354.00	-	
Extraordinary Aid	-	-	-	38,338.00	38,338.00	
Non-Public Transportation Aid	-	-	-	8,352.00	8,352.00	
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	154,623.00	154,623.00	
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	179,246.72	179,246.72	
<b>Total State Sources</b>	<u>326,234.00</u>	<u>-</u>	<u>326,234.00</u>	<u>706,793.72</u>	<u>380,559.72</u>	
Federal Sources:						
ARRA Education Jobs Fund	-	23,439.00	23,439.00	23,439.00	-	
<b>Total - Federal Sources</b>	<u>-</u>	<u>23,439.00</u>	<u>23,439.00</u>	<u>23,439.00</u>	<u>-</u>	
<b>Total Revenues</b>	<u>7,428,098.00</u>	<u>23,439.00</u>	<u>7,451,537.00</u>	<u>7,732,113.44</u>	<u>280,576.44</u>	
<b>EXPENDITURES:</b>						
<b>Current Expense:</b>						
<b>Regular Programs - Instruction</b>						
Preschool/Kindergarten - Salaries of Teachers	110-100-101	\$ 137,500.00	\$ 54,866.00	\$ 192,366.00	\$ 192,366.00	\$ -
Grades 1-5 - Salaries of Teachers	120-100-101	773,215.00	13,417.11	786,632.11	784,924.65	1,707.46
Grades 6-8 - Salaries of Teachers	130-100-101	538,198.00	(29,716.06)	508,481.94	508,041.25	440.69
<b>Regular Programs - Home Instruction:</b>						
Salaries of Teachers	150-100-101	1,500.00	250.00	1,750.00	650.00	1,100.00
Purchased Professional-Educational Services	150-100-320	-	5,500.00	5,500.00	1,147.50	4,352.50
<b>Regular Programs - Undistributed Instruction</b>						
Other Salaries for Instruction	190-100-106	-	6,525.26	6,525.26	6,525.26	-
Purchased Technical Services	190-100-340	17,500.00	1,241.62	18,741.62	18,741.62	-
Other Purchased Services (400-500 series)	190-100-500	21,682.00	5,228.68	26,910.68	22,966.08	3,944.60
General Supplies	190-100-610	25,531.00	28,515.20	54,046.20	49,041.43	5,004.77
Textbooks	190-100-640	5,000.00	(1,466.86)	3,533.14	3,423.13	110.01
Other Objects	190-100-800	5,000.00	3,558.32	8,558.32	6,245.98	2,312.34
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>		<u>1,525,126.00</u>	<u>87,919.27</u>	<u>1,613,045.27</u>	<u>1,594,072.90</u>	<u>18,972.37</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>						
<b>Resource Room/Resource Center:</b>						
Salaries of Teachers	213-100-101	187,463.00	3,385.44	190,848.44	190,065.97	782.47
Other Salaries for Instruction	213-100-106	138,850.00	(23,461.00)	115,389.00	112,990.00	2,399.00
General Supplies	213-100-610	-	495.34	495.34	361.43	133.91
<b>Total Resource Room/Resource Center</b>		<u>326,313.00</u>	<u>(19,580.22)</u>	<u>306,732.78</u>	<u>303,417.40</u>	<u>3,315.38</u>
<b>Autism:</b>						
Salaries of Teachers	214-100-101	68,250.00	(5,233.44)	63,016.56	62,619.13	397.43
Other Salaries for Instruction	214-100-106	20,500.00	(3,500.00)	17,000.00	16,557.50	442.50
Purchased Professional-Educational Services	214-100-320	-	3,500.00	3,500.00	2,110.00	1,390.00
General Supplies	214-100-610	-	1,368.69	1,368.69	1,368.69	-
<b>Total Autism</b>		<u>88,750.00</u>	<u>(3,864.75)</u>	<u>84,885.25</u>	<u>82,655.32</u>	<u>2,229.93</u>
<b>Preschool Disabilities - Part-Time:</b>						
Salaries of Teachers	215-100-101	76,675.00	(39,687.00)	36,988.00	36,987.82	0.18
Other Salaries for Instruction	215-100-106	100,510.00	(82,747.45)	17,762.55	10,871.86	6,890.69
General Supplies	215-100-610	-	822.23	822.23	736.29	85.94
<b>Total Preschool Disabilities - Part-Time</b>		<u>177,185.00</u>	<u>(121,612.22)</u>	<u>55,572.78</u>	<u>48,595.97</u>	<u>6,976.81</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>		<u>592,248.00</u>	<u>(145,057.19)</u>	<u>447,190.81</u>	<u>434,668.69</u>	<u>12,522.12</u>
<b>Basic Skills/Remedial - Instruction</b>						
Salaries of Teachers	230-100-101	34,450.00	(4,844.00)	29,606.00	28,874.35	731.65
<b>Total Basic Skills/Remedial - Instruction</b>		<u>34,450.00</u>	<u>(4,844.00)</u>	<u>29,606.00</u>	<u>28,874.35</u>	<u>731.65</u>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>						
Salaries	401-100-100	68,444.00	100.00	68,544.00	48,823.98	19,720.02
Supplies and Materials	401-100-600	1,000.00	-	1,000.00	525.00	475.00
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>		<u>69,444.00</u>	<u>100.00</u>	<u>69,544.00</u>	<u>49,348.98</u>	<u>20,195.02</u>
<b>School-Spon. Athletics - Instruction</b>						
Purchased Services (300-500 series)	402-100-500	6,000.00	5,702.00	11,702.00	11,229.00	473.00
Supplies and Materials	402-100-600	2,000.00	(500.00)	1,500.00	502.50	997.50
<b>Total School-Spon. Athletics - Instruction</b>		<u>8,000.00</u>	<u>5,202.00</u>	<u>13,202.00</u>	<u>11,731.50</u>	<u>1,470.50</u>
<b>Total Instruction</b>		<u>2,229,268.00</u>	<u>(56,679.92)</u>	<u>2,172,588.08</u>	<u>2,118,696.42</u>	<u>53,891.66</u>

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2011**

		Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	Actual	Variance Final to <u>Actual</u>
<b>Undistributed Expenditures - Instruction:</b>						
Tuition to Other LEAs Within the State - Regular	000-100-561	\$ 1,200,000.00	\$ -	\$ 1,200,000.00	\$ 1,200,000.00	\$ -
Tuition to Other LEAs Within the State - Special	000-100-562	80,000.00	(3,058.14)	76,941.86	60,544.85	16,397.01
Tuition to County Voc. School Dist. - Regular	000-100-563	16,965.00	-	16,965.00	16,965.00	-
Tuition to County Voc. School Dist. - Special	000-100-564	6,500.00	-	6,500.00	6,500.00	-
Tuition to CSSD & Regional Day Schools	000-100-565	35,100.00	4,054.00	39,154.00	39,154.00	-
Tuition to Private Schools for the Disabled - Within State	000-100-566	59,814.00	101,556.44	161,370.44	158,489.52	2,880.92
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	000-100-567	-	22,884.98	22,884.98	22,524.98	360.00
Tuition - Other	000-100-569	37,536.00	19,707.45	57,243.45	51,595.10	5,648.35
<b>Total Undistributed Expenditures - Instruction:</b>		<u>1,435,915.00</u>	<u>145,144.73</u>	<u>1,581,059.73</u>	<u>1,555,773.45</u>	<u>25,286.28</u>
<b>Undist. Expend. - Health Services</b>						
Salaries	000-213-100	104,600.00	(5,598.00)	99,002.00	96,044.00	2,958.00
Purchased Professional and Technical Services	000-213-300	2,000.00	2,814.72	4,814.72	3,161.00	1,653.72
Supplies and Materials	000-213-600	1,500.00	1,147.89	2,647.89	2,077.04	570.85
Other Objects	000-213-800	250.00	425.00	675.00	564.75	110.25
<b>Total Undistributed Expenditures - Health Services</b>		<u>108,350.00</u>	<u>(1,210.39)</u>	<u>107,139.61</u>	<u>101,846.79</u>	<u>5,292.82</u>
<b>Undist. Expend. - Speech,OT,PT &amp; Related Services</b>						
Salaries of Other Professional Staff	000-216-100	67,650.00	3,542.00	71,192.00	70,659.22	532.78
Supplies and Materials	000-216-600	2,350.00	(1,750.00)	600.00	243.61	356.39
<b>Total Undist. Expend. - Speech,OT,PT &amp; Related Services</b>		<u>70,000.00</u>	<u>1,792.00</u>	<u>71,792.00</u>	<u>70,902.83</u>	<u>889.17</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>						
Salaries of Other Professional Staff	000-217-100	99,185.00	14,827.28	114,012.28	114,012.28	-
Purchased Professional - Educational Services	000-217-320	50,000.00	(8,134.41)	41,865.59	33,782.87	8,082.72
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>		<u>149,185.00</u>	<u>6,692.87</u>	<u>155,877.87</u>	<u>147,795.15</u>	<u>8,082.72</u>
<b>Undist. Expend. - Guidance</b>						
Salaries of Other Professional Staff	000-218-104	44,520.00	40.00	44,560.00	44,558.38	1.62
Supplies and Materials	000-218-600	-	460.77	460.77	446.39	14.38
<b>Total Undist. Expend. - Guidance</b>		<u>44,520.00</u>	<u>500.77</u>	<u>45,020.77</u>	<u>45,004.77</u>	<u>16.00</u>
<b>Undist. Expend. - Child Study Team</b>						
Salaries of Other Professional Staff	000-219-104	204,716.00	(10,354.00)	194,362.00	165,036.00	29,326.00
Salaries of Secretarial and Clerical Assistants	000-219-105	21,895.00	2,800.00	24,695.00	24,693.34	1.66
Purchased Professional - Educational Services	000-219-320	-	3,000.00	3,000.00	1,097.36	1,902.64
Other Purchased Prof. and Tech. Services	000-219-390	500.00	2,950.00	3,450.00	3,300.00	150.00
Supplies and Materials	000-219-600	-	722.00	722.00	720.62	1.38
Other Objects	000-219-800	-	150.00	150.00	150.00	-
<b>Total Undist. Expend. - Child Study Team</b>		<u>227,111.00</u>	<u>(732.00)</u>	<u>226,379.00</u>	<u>194,997.32</u>	<u>31,381.68</u>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>						
Salaries of Supervisor of Instruction	000-221-102	5,000.00	(5,000.00)	-	-	-
Salaries of Other Professional Staff	000-221-104	-	6,394.00	6,394.00	-	6,394.00
Other Purch Services (400-500)	000-221-500	250.00	(124.00)	126.00	-	126.00
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>		<u>5,250.00</u>	<u>1,270.00</u>	<u>6,520.00</u>	<u>-</u>	<u>6,520.00</u>
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>						
Salaries	000-222-100	20,500.00	602.64	21,102.64	21,102.64	-
Purchased Professional and Technical Services	000-222-300	12,000.00	(4,004.66)	7,995.34	4,264.44	3,730.90
Supplies and Materials	000-222-600	-	517.34	517.34	517.34	-
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>		<u>32,500.00</u>	<u>(2,884.68)</u>	<u>29,615.32</u>	<u>25,884.42</u>	<u>3,730.90</u>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>						
Other Purchased Services (400-500 series)	000-223-500	5,000.00	10.00	5,010.00	1,424.86	3,585.14
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>		<u>5,000.00</u>	<u>10.00</u>	<u>5,010.00</u>	<u>1,424.86</u>	<u>3,585.14</u>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>						
Salaries	000-230-100	145,411.00	(107,227.27)	38,183.73	25,421.77	12,761.96
Legal Services	000-230-331	18,000.00	19,292.98	37,292.98	34,332.87	2,960.11
Audit Fees	000-230-332	15,000.00	(500.00)	14,500.00	14,500.00	-
Other Purchased Professional Services	000-230-339	12,000.00	34,079.88	46,079.88	37,468.98	8,610.90
Communications/Telephone	000-230-530	35,000.00	14,785.73	49,785.73	46,162.90	3,622.83
Other Purchased Services (400-500 series)	000-230-590	8,000.00	(4,258.61)	3,741.39	3,741.39	-
Supplies and Materials	000-230-600	5,000.00	5,407.44	10,407.44	10,407.44	-
Miscellaneous Expenditures	000-230-890	14,000.00	(2,012.04)	11,987.96	11,318.04	669.92
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>		<u>252,411.00</u>	<u>(40,431.89)</u>	<u>211,979.11</u>	<u>183,353.39</u>	<u>28,625.72</u>
<b>Undist. Expend. - Support Serv. - School Admin.</b>						
Salaries of Principals/Assistant Principals	000-240-103	155,364.00	26,153.15	181,517.15	181,517.15	-
Salaries of Secretarial and Clerical Assistants	000-240-105	64,815.00	13,166.50	77,981.50	72,703.65	5,277.85
Purchased Professional and Technical Services	000-240-300	7,500.00	(1,687.97)	5,812.03	4,750.00	1,062.03
Supplies and Materials	000-240-600	2,000.00	-	2,000.00	1,284.81	715.19
Other Objects	000-240-800	250.00	(217.15)	32.85	-	32.85
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>		<u>229,929.00</u>	<u>37,414.53</u>	<u>267,343.53</u>	<u>260,255.61</u>	<u>7,087.92</u>

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2011**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Central Services</b>						
Salaries	000-251-100	\$ 81,175.00	\$ 15,498.32	\$ 96,673.32	\$ 95,148.32	\$ 1,525.00
Purchased Professional Technical Services	000-251-340	5,500.00	(5,500.00)			-
Supplies and Materials	000-251-600	800.00	1,404.65	2,204.65	2,157.91	46.74
<b>Total Undist. Expend. - Central Services</b>		<b>87,475.00</b>	<b>11,402.97</b>	<b>98,877.97</b>	<b>97,306.23</b>	<b>1,571.74</b>
<b>Undist. Expend. - Allowable Maint. For School Facilities</b>						
Salaries	000-261-100	39,000.00	12,705.92	51,705.92	51,705.92	-
Cleaning, Repair and Maintenance Services	000-261-420	55,000.00	26,177.51	81,177.51	66,420.58	14,756.93
General Supplies	000-261-610	16,681.00	533.88	17,214.88	16,321.00	893.88
Other Objects	000-261-800	-	1,000.00	1,000.00	981.70	18.30
<b>Total Undist. Expend. - Allowable Maint. For School Facilities</b>		<b>110,681.00</b>	<b>40,417.31</b>	<b>151,098.31</b>	<b>135,429.20</b>	<b>15,669.11</b>
<b>Undist. Expend. - Oth. Oper. &amp; Maint. of Plant</b>						
Salaries	000-262-100	156,079.00	3,474.34	159,553.34	154,175.07	5,378.27
Purchased Professional and Technical Services	000-262-300	25,000.00	14,149.18	39,149.18	35,574.18	3,575.00
Cleaning, Repair and Maintenance Services	000-262-420	35,000.00	(2,732.55)	32,267.45	29,441.94	2,825.51
Other Purchased Property Services	000-262-490	7,000.00	7,683.28	14,683.28	13,729.67	953.61
Insurance	000-262-520	41,800.00	4,267.00	46,067.00	45,806.51	260.49
Miscellaneous Purchased Services	000-262-590	1,500.00	4,413.75	5,913.75	5,013.50	900.25
General Supplies	000-262-610	45,000.00	(2,211.92)	42,788.08	36,111.31	6,676.77
Energy (Natural Gas)	000-262-621	4,000.00	2,599.33	6,599.33	5,173.18	1,426.15
Energy (Electricity)	000-262-622	110,000.00	39,317.60	149,317.60	134,003.97	15,313.63
Energy (Oil)	000-262-624	85,000.00	19,386.16	104,386.16	92,331.65	12,054.51
Other Objects	000-262-800	-	2,365.00	2,365.00	2,165.00	200.00
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>		<b>510,379.00</b>	<b>92,711.17</b>	<b>603,090.17</b>	<b>553,525.98</b>	<b>49,564.19</b>
<b>Undist. Expend. - Care and Upkeep of Grounds</b>						
Salaries	000-263-100	38,016.00	1,924.00	39,940.00	39,940.00	-
Purchased Professional and Technical Services	000-263-300	-	13,003.00	13,003.00	12,493.00	510.00
<b>Total Undist. Expend. - Care and Upkeep of Grounds</b>		<b>38,016.00</b>	<b>14,927.00</b>	<b>52,943.00</b>	<b>52,433.00</b>	<b>510.00</b>
<b>Undist. Expend. - Student Transportation Serv.</b>						
Salaries of Non-Instructional Aides	000-270-107	147,145.00	(113,047.24)	34,097.76	34,097.76	-
Salaries for Pupil Trans. (Between Home & School) - Regular	000-270-160	122,474.00	122,474.00	122,474.00	121,893.26	580.74
Salaries for Pupil Trans. (Between Home & School) - Special	000-270-161	58,658.00	(5,921.00)	52,737.00	50,417.53	2,319.47
Salaries for Pupil Trans. (Other than Between Home & School)	000-270-162	28,000.00	5,236.27	33,236.27	33,236.27	-
Salaries for Pupil Trans. (Between Home & School) - Non-Public	000-270-163	25,596.00	3,637.24	29,233.24	25,818.42	3,414.82
Other Purchased Professional and Technical Services	000-270-390	-	2,828.86	2,828.86	2,011.96	816.90
Cleaning, Repair and Maintenance Services	000-270-420	60,000.00	16,964.56	76,964.56	69,156.22	7,808.34
Lease Purchase Payments - School Buses	000-270-443	115,000.00	(5,000.00)	110,000.00	108,973.35	1,026.65
Contracted Services - Aid in Lieu of Payments	000-270-503	16,000.00	(6,400.00)	9,600.00	11,393.50	(1,793.50)
Contracted Services (Special Education Students) - Vendors	000-270-514	-	11,797.00	11,797.00	8,876.86	2,920.14
Miscellaneous Purchased Services - Transportation	000-270-593	-	3,500.00	3,500.00	3,312.47	187.53
Supplies and Materials	000-270-600	60,000.00	10,136.52	70,136.52	69,488.63	647.89
Miscellaneous Expenditures	000-270-890	-	1,808.00	1,808.00	1,308.00	500.00
<b>Total Undist. Expend. - Student Transportation Serv.</b>		<b>510,399.00</b>	<b>48,014.21</b>	<b>558,413.21</b>	<b>539,984.23</b>	<b>18,428.98</b>
<b>UNALLOCATED BENEFITS</b>						
Social Security Contributions	000-291-220	105,000.00	5,818.03	110,818.03	110,049.51	768.52
T.P.A.F. Contributions - ERIP	000-291-232	16,000.00	(3,000.00)	13,000.00	10,609.00	2,391.00
Other Retirement Contributions - Regular	000-291-241	65,000.00	16,796.00	81,796.00	81,796.00	-
Unemployment Compensation	000-291-250	55,000.00	(53,064.00)	1,936.00	-	1,936.00
Workmen's Compensation	000-291-260	35,000.00	2,668.00	37,668.00	37,668.00	-
Health Benefits	000-291-270	1,064,099.00	(125,555.00)	938,544.00	930,580.99	7,963.01
Tuition Reimbursement	000-291-280	22,500.00	3,200.00	25,700.00	22,340.00	3,360.00
Other Employee Benefits	000-291-290	18,000.00	70,748.78	88,748.78	81,104.25	7,644.53
<b>TOTAL UNALLOCATED BENEFITS</b>		<b>1,380,599.00</b>	<b>(82,388.19)</b>	<b>1,298,210.81</b>	<b>1,274,147.75</b>	<b>24,063.06</b>
On-behalf TPAF pension Contributions (non-budgeted)		-	-	-	154,623.00	(154,623.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-	-	-	179,246.72	(179,246.72)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>333,869.72</b>	<b>(333,869.72)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>		<b>1,380,599.00</b>	<b>(82,388.19)</b>	<b>1,298,210.81</b>	<b>1,608,017.47</b>	<b>(309,806.66)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>		<b>5,197,720.00</b>	<b>272,650.41</b>	<b>5,470,370.41</b>	<b>5,573,934.70</b>	<b>(103,564.29)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>		<b>7,426,988.00</b>	<b>215,970.49</b>	<b>7,642,958.49</b>	<b>7,692,831.12</b>	<b>(49,872.63)</b>

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Undistributed Expenditures - Operation of Plant Services	000-260-730	\$ 15,731.00	\$ 15,731.00		\$ 15,731.00
<b>Total Equipment</b>		<u>15,731.00</u>	<u>15,731.00</u>	-	<u>15,731.00</u>
<b>Facilities Acquisition and Construction Services</b>					
Land and Improvements	000-400-710	100,000.00	(29,014.50)	70,985.50	12,466.50
<b>Total Facilities Acquisition and Construction Services</b>		<u>100,000.00</u>	<u>(29,014.50)</u>	<u>70,985.50</u>	<u>12,466.50</u>
<b>Assets Acquired Under Capital Leases (non-budgeted)</b>					
Undistributed Expenditures:					
Buses				135,308.00	(135,308.00)
<b>Assets Acquired Under Capital Leases (non-budgeted)</b>		-	-	135,308.00	(135,308.00)
<b>TOTAL CAPITAL OUTLAY</b>		<u>100,000.00</u>	<u>(13,283.50)</u>	<u>86,716.50</u>	<u>147,774.50</u>
<b>TOTAL EXPENDITURES</b>		<u>7,526,988.00</u>	<u>202,686.99</u>	<u>7,729,674.99</u>	<u>7,840,405.62</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		<u>(98,890.00)</u>	<u>(179,247.99)</u>	<u>(278,137.99)</u>	<u>(108,292.18)</u>
<b>Other Financing Sources (Uses):</b>					
Debt Service Assessment		(1,110.00)	-	(1,110.00)	(1,110.00)
Capital Leases (non-budgeted)		-	-	135,308.00	135,308.00
<b>Total Other Financing Sources (Uses)</b>		<u>(1,110.00)</u>	<u>-</u>	<u>(1,110.00)</u>	<u>134,198.00</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>		<u>(100,000.00)</u>	<u>(179,247.99)</u>	<u>(279,247.99)</u>	<u>25,905.82</u>
<b>Fund Balance, July 1</b>		<u>228,761.92</u>	<u>-</u>	<u>228,761.92</u>	<u>228,761.92</u>
<b>Fund Balance, June 30</b>		<u>\$ 128,761.92</u>	<u>\$ (179,247.99)</u>	<u>\$ (50,486.07)</u>	<u>\$ 254,667.74</u>
<b>Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):</b>					
Adjustment for Prior Year Encumbrances		\$ -	\$ (179,247.99)	\$ (179,247.99)	\$ -
Budgeted Fund Balance		<u>(100,000.00)</u>	<u>-</u>	<u>(100,000.00)</u>	<u>-</u>
<b>Total</b>		<u>\$ (100,000.00)</u>	<u>\$ (179,247.99)</u>	<u>\$ (279,247.99)</u>	<u>\$ (179,247.99)</u>
<b>Analysis of Fund Balance June 30, 2011:</b>					
Restricted Fund Balance:					
Capital Reserve Account				\$ 1.00	
Assigned Fund Balance:					
Year-end Encumbrances				137,042.67	
Unassigned Fund Balance				<u>117,624.07</u>	
				<u>\$ 254,667.74</u>	
<b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>					
Fund Balance June 30, 2011				\$ 254,667.74	
Last Two Current Year State Aid Payments Not Realized on GAAP Basis				<u>(29,166.00)</u>	
				<u>\$ 225,501.74</u>	

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Education Jobs Fund Program - Budget and Actual  
General Fund  
Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources:					
American Recovery and Reinvestment Act: Education Jobs Fund	-	23,439.00	23,439.00	23,439.00	-
Total - Federal Sources	-	23,439.00	23,439.00	23,439.00	-
<b>TOTAL REVENUES</b>	-	23,439.00	23,439.00	23,439.00	-
<b>EXPENDITURES:</b>					
Current Expense:					
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Resource Room/Resource Center:					
Salaries of Teachers	-	17,506.00	17,506.00	17,506.00	-
Total Resource Room/Resource Center	-	17,506.00	17,506.00	17,506.00	-
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	-	17,506.00	17,506.00	17,506.00	-
<b>Total Instruction</b>	-	17,506.00	17,506.00	17,506.00	-
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	-	2,573.39	2,573.39	2,573.39	-
Health Benefits	-	3,359.61	3,359.61	3,359.61	-
<b>TOTAL UNALLOCATED BENEFITS</b>	-	5,933.00	5,933.00	5,933.00	-
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	-	5,933.00	5,933.00	5,933.00	-
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	-	5,933.00	5,933.00	5,933.00	-
<b>TOTAL GENERAL CURRENT EXPENSE</b>	-	23,439.00	23,439.00	23,439.00	-
<b>TOTAL EXPENDITURES</b>	-	23,439.00	23,439.00	23,439.00	-

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2011**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
<b>REVENUES:</b>					
State Sources	\$ -	\$ 6,410.00	\$ 6,410.00	\$ 6,410.00	\$ -
Federal Sources	159,800.00	321,515.00	481,315.00	332,224.12	149,090.88
Local Sources	<u>-</u>	<u>3,397.03</u>	<u>3,397.03</u>	<u>3,397.03</u>	<u>-</u>
<b>Total Revenues</b>	<u>\$ 159,800.00</u>	<u>\$ 331,322.03</u>	<u>\$ 491,122.03</u>	<u>\$ 342,031.15</u>	<u>\$ 149,090.88</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Personal Services - Salaries	\$ 53,000.00	\$ (16,675.00)	\$ 36,325.00	\$ 36,325.00	\$ -
Purchased Professional and Technical Services		27,921.00	27,921.00	27,921.00	-
Other Purchased Services (400-500 series)	81,300.00	(8,647.00)	72,653.00	72,653.00	-
General Supplies	25,500.00	(24,402.97)	1,097.03	1,097.03	-
Other Objects	<u>-</u>	<u>3,266.00</u>	<u>3,266.00</u>	<u>3,266.00</u>	<u>-</u>
<b>Total Instruction</b>	<u>159,800.00</u>	<u>(18,537.97)</u>	<u>141,262.03</u>	<u>141,262.03</u>	<u>-</u>
<b>Support Services</b>					
Personal Services - Salaries		92,700.00	92,700.00	64,500.00	28,200.00
Personal Services - Employee Benefits		16,558.78	16,558.78	16,558.78	-
Purchased Professional and Technical Services		5,078.00	5,078.00	5,017.12	60.88
Purchased Professional - Educational Services		86,050.00	86,050.00	86,050.00	-
Travel		45,330.00	45,330.00		45,330.00
Supplies and Materials		22,233.22	22,233.22	22,233.22	-
Other Objects		<u>75,500.00</u>	<u>75,500.00</u>	<u>-</u>	<u>75,500.00</u>
<b>Total Support Services</b>		<u>343,450.00</u>	<u>343,450.00</u>	<u>194,359.12</u>	<u>149,090.88</u>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment		4,410.00	4,410.00	4,410.00	-
Noninstructional Equipment		<u>2,000.00</u>	<u>2,000.00</u>	<u>2,000.00</u>	<u>-</u>
<b>Total Facilities Acquisition and Construction Services</b>	<u>-</u>	<u>6,410.00</u>	<u>6,410.00</u>	<u>6,410.00</u>	<u>-</u>
<b>Total Expenditures</b>	<u>159,800.00</u>	<u>331,322.03</u>	<u>491,122.03</u>	<u>342,031.15</u>	<u>149,090.88</u>
<b>Total Outflows</b>	<u>\$ 159,800.00</u>	<u>\$ 331,322.03</u>	<u>\$ 491,122.03</u>	<u>\$ 342,031.15</u>	<u>\$ 149,090.88</u>

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION**

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Required Supplementary Information  
Budgetary Comparison Schedule  
Note to RSI  
For the Fiscal Year Ended June 30, 2011**

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

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	<b>[C-1&amp;C-2]</b>	\$ 7,732,113.44	\$ 342,031.15
Difference - budget to GAAP:			
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 expense in accordance with GASB 33.		34,576.00	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	19,095.24
		<hr/>	<hr/>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<b>[B-2]</b>	\$ <u>7,766,689.44</u>	\$ <u>361,126.39</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<b>[C-1&amp;C-2]</b>	\$ 7,705,097.62	\$ 342,031.15
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			19,095.24
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund		-	-
		<hr/>	<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<b>[B-2]</b>	\$ <u>7,705,097.62</u>	\$ <u>361,126.39</u>

## **OTHER SUPPLEMENTARY INFORMATION**

**Section D**

**SCHOOL LEVEL SCHEDULES**

**Section E**

**SPECIAL REVENUE FUND**

**BOARD OF EDUCATION**  
**TOWNSHIP OF ALLAMUCHY**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Total</u>	<u>State</u> <u>Aid</u>	<u>Federal</u> <u>Aid</u>	<u>Local</u> <u>Aid</u>
<b>REVENUES</b>				
State Sources	\$ 6,410.00	\$ 6,410.00	\$ -	\$ -
Federal Sources	332,224.12	-	332,224.12	-
Local Sources	<u>3,397.03</u>	<u>-</u>	<u>-</u>	<u>3,397.03</u>
<b>Total Revenues</b>	<u>\$ 342,031.15</u>	<u>\$ 6,410.00</u>	<u>\$ 332,224.12</u>	<u>\$ 3,397.03</u>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Personal Services - Salaries	100-100 \$ 36,325.00	\$ -	\$ 36,325.00	\$ -
Purchased Professional and Technical Services	100-300 27,921.00	-	27,921.00	-
Other Purchased Services (400-500 series)	100-500 72,653.00	-	69,853.00	2,800.00
General Supplies	100-610 1,097.03	-	500.00	597.03
Other Objects	100-800 <u>3,266.00</u>	-	<u>3,266.00</u>	<u>-</u>
<b>Total Instruction</b>	<u>141,262.03</u>	<u>-</u>	<u>137,865.00</u>	<u>3,397.03</u>
<b>Support Services:</b>				
Personal Services - Salaries	200-100 64,500.00	-	64,500.00	-
Personal Services - Employee Benefits	200-200 16,558.78	-	16,558.78	-
Purchased Professional and Technical Services	200-300 5,017.12	-	5,017.12	-
Purchased Professional - Educational Services	200-320 86,050.00	-	86,050.00	-
Supplies and Materials	200-600 <u>22,233.22</u>	-	<u>22,233.22</u>	<u>-</u>
<b>Total Support Services</b>	<u>194,359.12</u>	<u>-</u>	<u>194,359.12</u>	<u>-</u>
<b>Facilities Acquisition and Const. Serv.:</b>				
Instructional Equipment	400-731 4,410.00	4,410.00	-	-
Noninstructional Equipment	400-732 <u>2,000.00</u>	<u>2,000.00</u>	<u>-</u>	<u>-</u>
<b>Total Facilities Acquisition and Const. Serv.</b>	<u>6,410.00</u>	<u>6,410.00</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 342,031.15</u>	<u>\$ 6,410.00</u>	<u>\$ 332,224.12</u>	<u>\$ 3,397.03</u>

**BOARD OF EDUCATION**  
**TOWNSHIP OF ALLAMUCHY**  
**Special Revenue Fund**  
**Combining Schedule of State Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Total</u>	<u>Distance Learning Network Aid</u>
<b>REVENUES</b>		
State Sources	\$ 6,410.00	\$ 6,410.00
<b>Total State Revenues</b>	<u>\$ 6,410.00</u>	<u>\$ 6,410.00</u>
<b>EXPENDITURES:</b>		
<b>Facilities Acquisition and Const. Serv.:</b>		
Instructional Equipment 400-731	\$ 4,410.00	\$ 4,410.00
Noninstructional Equipment 400-732	<u>2,000.00</u>	<u>2,000.00</u>
<b>Total Facilities Acquisition and Const. Serv.</b>	<u>6,410.00</u>	<u>6,410.00</u>
<b>Total Expenditures</b>	<u>\$ 6,410.00</u>	<u>\$ 6,410.00</u>

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Special Revenue Fund**  
**Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2011**

	Total	E.S.E.A.		I.D.E.A. Part B		Rural School Achievement Program	Teaching American History Grant
		Title I	Title II	Basic	Preschool		
<b>REVENUES</b>							
Federal Sources	\$ 332,224.12	\$ 13,679.00	\$ 18,938.12	\$ 94,735.00	\$ 5,539.00	\$ 31,138.00	\$ 168,195.00
<b>Total Federal Revenues</b>	\$ 332,224.12	\$ 13,679.00	\$ 18,938.12	\$ 94,735.00	\$ 5,539.00	\$ 31,138.00	\$ 168,195.00
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Personal Services - Salaries	\$ 36,325.00	\$ 10,000.00	\$ 13,000.00	\$ -	\$ -	\$ 13,325.00	\$ -
Purchased Professional and Technical Services	27,921.00			22,382.00	5,539.00		
Other Purchased Services (400-500 series)	69,853.00			69,853.00			
General Supplies	500.00			500.00			
Other Objects	3,266.00	-	-	-	-	3,266.00	
<b>Total Instruction</b>	137,865.00	10,000.00	13,000.00	92,735.00	5,539.00	16,591.00	
<b>Support Services:</b>							
Personal Services - Salaries	64,500.00	-					64,500.00
Personal Services - Employee Benefits	16,558.78	2,000.00	2,600.00			1,958.78	10,000.00
Purchased Professional and Technical Services	5,017.12	1,679.00	3,338.12				
Purchased Professional - Educational Services	86,050.00					4,050.00	82,000.00
Supplies and Materials	22,233.22	-	-	2,000.00		8,538.22	11,695.00
<b>Total Support Services</b>	194,359.12	3,679.00	5,938.12	2,000.00	-	14,547.00	168,195.00
<b>Total Expenditures</b>	\$ 332,224.12	\$ 13,679.00	\$ 18,938.12	\$ 94,735.00	\$ 5,539.00	\$ 31,138.00	\$ 168,195.00

**BOARD OF EDUCATION**  
**TOWNSHIP OF ALLAMUCHY**  
**Special Revenue Fund**  
**Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2011**

		<u>Total</u>	<u>NJSBA Safety Grant</u>	<u>Gardening Grant</u>
<b>REVENUES</b>				
Local Sources		\$ 3,397.03	\$ 2,800.00	\$ 597.03
<b>Total Local Revenues</b>		<u>\$ 3,397.03</u>	<u>\$ 2,800.00</u>	<u>\$ 597.03</u>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Other Purchased Services (400-500 series)	100-500	\$ 2,800.00	\$ 2,800.00	\$ -
General Supplies	100-610	<u>597.03</u>	<u>-</u>	<u>597.03</u>
<b>Total Instruction</b>		<u>3,397.03</u>	<u>2,800.00</u>	<u>597.03</u>
<b>Total Expenditures</b>		<u>\$ 3,397.03</u>	<u>\$ 2,800.00</u>	<u>\$ 597.03</u>

**BOARD OF EDUCATION**  
**TOWNSHIP OF ALLAMUCHY**  
**Special Revenue Fund**  
**Distance Learning Network Aid Schedule of Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2011**

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	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Facilities Acquisition and Const. Serv.:</b>			
Instructional Equipment	4,410.00	4,410.00	-
Noninstructional Equipment	<u>2,000.00</u>	<u>2,000.00</u>	<u>-</u>
<b>Total Facilities Acquisition and Const. Serv.</b>	<u>6,410.00</u>	<u>6,410.00</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 6,410.00</u>	<u>\$ 6,410.00</u>	<u>\$ -</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total Revised 2010-2011 Revised DLNA Allocation	\$ -
Actual DLNA Carryover (June 30, 2010)	<u>6,410.00</u>
Total DLNA Funds Available for 2010-2011 Budget	6,410.00
Less: 2010-2011 Budgeted DLNA (Including prior year budgeted carryover)	<u>(6,410.00)</u>
Available & Unbudgeted DLNA Funds as of June 30, 2011	-
Add: 2010-2011 Unexpended DLNA	<u>-</u>
2011-2012 Actual Carryover - DLNA	<u>\$ -</u>
2010-2011 DLNA Carryover Budgeted in 2011-2012	<u>\$ -</u>

**Section F**

**CAPITAL PROJECTS FUND**

**BOARD OF EDUCATION**  
**TOWNSHIP OF ALLAMUCHY**  
**Capital Projects Fund**  
**Summary Schedule of Project Expenditures**  
**For the Year Ended June 30, 2011**

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 6/30/2011
			Prior Years	Current Year	
Additions and Renovations to Schools	2/15/2000	\$ 65,730.90	\$ 65,392.00	\$ -	\$ 338.90
Roof Replacement	5/11/2004	197,058.90	196,700.00	-	358.90
Energy Upgrades	8/2/2004	<u>10,400,000.00</u>	<u>10,160,248.95</u>	<u>132,404.22</u>	<u>107,346.83</u>
Totals		<u>\$ 10,662,789.80</u>	<u>\$ 10,422,340.95</u>	<u>\$ 132,404.22</u>	<u>\$ 108,044.63</u>

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis**  
**For the Year Ended June 30, 2011**

**REVENUES AND OTHER FINANCING SOURCES**

State Sources - SCC Grant	\$ -
Bond Proceeds	-
Contribution from private sources	-
Transfer from capital reserve	-
Transfer from capital outlay	-
Total Revenues	<u>-</u>

**EXPENDITURES AND OTHER FINANCING USES**

Equipment (73X)	-
Salaries (100)	-
Legal Services (331)	-
Other Purchased Professional and Technical Services (390)	2,000.00
Construction Services (450)	130,404.22
General Supplies (610)	-
Land and Improvements (710)	-
Lease Purchase Agreements - Principal (721)	-
Buildings other than Lease Purchase Agreements - Principal (722)	-
Other Objects (800)	-
Total Expenditures	<u>132,404.22</u>
Excess (deficiency) of revenues over (under) expenditures	(132,404.22)
Fund Balance - July 1	<u>240,448.85</u>
Fund Balance - June 30	<u>\$ 108,044.63</u>

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Roofing Project**  
**From Inception and for the Year Ended June 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SCC Grant	\$ 25,319.90	\$ -	\$ 25,319.90	\$ 25,319.90
Bond Proceeds			-	
Contribution from private sources			-	
Transfer from capital reserve			-	
Transfer from capital outlay	40,411.00	-	40,411.00	40,411.00
Total Revenues	<u>65,730.90</u>	<u>-</u>	<u>65,730.90</u>	<u>65,730.90</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Equipment (73X)			-	
Salaries (100)			-	
Legal Services (331)			-	
Other Purchased Professional and Technical Services (390)			-	
Construction Services (450)	65,392.00		65,392.00	65,730.90
General Supplies (610)			-	
Land and Improvements (710)			-	
Lease Purchase Agreements - Principal (721)			-	
Buildings other than Lease Purchase Agreements - Principal (722)			-	
Other Objects (800)	-	-	-	-
Total Expenditures	<u>65,392.00</u>	<u>-</u>	<u>65,392.00</u>	<u>65,730.90</u>
Excess (deficiency) of revenues over (under) expenditures	<u>338.90</u>	<u>-</u>	<u>338.90</u>	<u>-</u>
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number	SP0030-000-03-0780			
Grant Date	4/29/03			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 67,352.00			
Additional Authorized Cost	\$ (1,621.10)			
Revised Authorized Cost	\$ 65,730.90			
Percentage Increase over Original Authorized Cost	-2.41%			
Percentage Completed	99.48%			
Original Target Completion Date	6/30/06			
Revised Target Completion Date	6/30/07			

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Roofing Project**  
**From Inception and for the Year Ended June 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SCC Grant	\$ 77,058.90	\$ -	\$ 77,058.90	\$ 77,058.90
Bond Proceeds			-	
Contribution from private sources			-	
Transfer from capital reserve			-	
Transfer from capital outlay	120,000.00	-	120,000.00	120,000.00
Total Revenues	<u>197,058.90</u>	<u>-</u>	<u>197,058.90</u>	<u>197,058.90</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Equipment (73X)			-	
Salaries (100)			-	
Legal Services (331)			-	
Other Purchased Professional and Technical Services (390)	14,560.00		14,560.00	14,560.00
Construction Services (450)	182,140.00		182,140.00	182,498.90
General Supplies (610)			-	
Land and Improvements (710)			-	
Lease Purchase Agreements - Principal (721)			-	
Buildings other than Lease Purchase Agreements - Principal (722)			-	
Other Objects (800)	-	-	-	-
Total Expenditures	<u>196,700.00</u>	<u>-</u>	<u>196,700.00</u>	<u>197,058.90</u>
Excess (deficiency) of revenues over (under) expenditures	<u>358.90</u>	<u>-</u>	<u>358.90</u>	<u>-</u>
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number	SP0030-010-05-1000			
Grant Date	1/10/05			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 198,680.00			
Additional Authorized Cost	\$ (1,621.10)			
Revised Authorized Cost	\$ 197,058.90			
Percentage Increase over Original Authorized Cost	-0.82%			
Percentage Completed	99.82%			
Original Target Completion Date	6/30/06			
Revised Target Completion Date	6/30/06			

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Villa Madonna School facilities Project**  
**From Inception and for the Year Ended June 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SCC Grant	\$ -	\$ -	\$ -	\$ -
Bond Proceeds	10,400,000.00		10,400,000.00	10,400,000.00
Lease Purchase Agreement			-	
Transfer from capital reserve			-	
Transfer from capital outlay	-	-	-	-
<b>Total Revenues</b>	<u>10,400,000.00</u>	<u>-</u>	<u>10,400,000.00</u>	<u>10,400,000.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Equipment (73X)			-	
Salaries (100)	8,233.33		8,233.33	90,000.00
Legal Services (331)	286,362.39		286,362.39	300,000.00
Other Purchased Professional and Technical Services (390)	877,738.38	2,000.00	879,738.38	800,000.00
Construction Services (450)	8,987,914.85	130,404.22	9,118,319.07	9,210,000.00
General Supplies (610)			-	
Land and Improvements (710)			-	
Lease Purchase Agreements - Principal (721)			-	
Buildings other than Lease Purchase Agreements - Principal (722)			-	
Other Objects (800)	-	-	-	-
<b>Total Expenditures</b>	<u>10,160,248.95</u>	<u>132,404.22</u>	<u>10,292,653.17</u>	<u>10,400,000.00</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>239,751.05</u>	<u>(132,404.22)</u>	<u>107,346.83</u>	<u>-</u>
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	1/23/07			
Bonds Authorized	\$ 10,400,000.00			
Bonds Issued	\$ 10,400,000.00			
Original Authorized Cost	\$ 10,400,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$ 10,400,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completed	98.97%			
Original Target Completion Date	9/1/09			
Revised Target Completion Date	9/1/09			

**Section G**  
**PROPRIETARY FUNDS**

**ENTERPRISE FUND**

**INTERNAL SERVICE FUND**

**Section H**  
**FIDUCIARY FUND**

**BOARD OF EDUCATION**  
**TOWNSHIP OF ALLAMUCHY**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2011**

<u>Schools</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Elementary School	\$ 15,470.44	\$ 60,569.38	\$ 51,624.15	\$ 24,415.67
	<u>\$ 15,470.44</u>	<u>\$ 60,569.38</u>	<u>\$ 51,624.15</u>	<u>\$ 24,415.67</u>

**BOARD OF EDUCATION**  
**TOWNSHIP OF ALLAMUCHY**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Balance</u> <u>June 30, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Payroll Deductions and Withholdings	\$ 15,675.68	\$ 1,621,783.83	\$ 1,629,489.98	\$ 7,969.53
Net Salaries and Wages		2,598,785.73	2,598,785.73	-
Interfunds Payable	-	315.94	315.94	-
	<u>15,675.68</u>	<u>4,220,885.50</u>	<u>4,228,591.65</u>	<u>7,969.53</u>

**Section I**

**LONG – TERM DEBT**

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY**  
Long - Term Debt  
**Schedule of Serial Bonds and Lease Purchase Agreement**  
For the Fiscal Year Ended June 30, 2011

Purpose	Date of Issue	Amount of Issue	Annual Maturities of Bonds Outstanding June 30, 2011			Interest Rate	Balance June 30, 2010	Retired Current Year	Balance June 30, 2011
			Date	Amount					
Additions and Renovations to Allamuchy Elementary School	08/29/06	\$ 1,732,223.74	11/01/11	236,455.43	4.50%	\$ 969,016.89	\$ 224,141.99	\$ 744,874.90	
			11/01/12	248,415.02	4.50%				
			11/01/13	260,004.45	4.50%				
Renovation and Expansion of the Villa Madonna Property	03/15/08	10,400,000.00	3/15/12-13	60,000.00	4.25%	10,295,000.00	55,000.00	10,240,000.00	
			3/15/14	65,000.00	4.25%				
			3/15/15	65,000.00	4.50%				
			3/15/16	365,000.00	4.50%				
			3/15/17	380,000.00	4.50%				
			3/15/18	400,000.00	4.50%				
			3/15/19	415,000.00	4.50%				
			3/15/20	435,000.00	4.50%				
			3/15/21	460,000.00	4.50%				
			3/15/22	480,000.00	4.50%				
			3/15/23	505,000.00	4.50%				
			3/15/24	525,000.00	4.50%				
			3/15/25	550,000.00	4.50%				
			3/15/26	580,000.00	4.50%				
			3/15/27	605,000.00	4.50%				
		3/15/28	635,000.00	4.50%					
		3/15/29	665,000.00	4.50%					
		3/15/30	695,000.00	4.50%					
		3/15/31	730,000.00	4.50%					
		3/15/32	765,000.00	4.50%					
		3/15/33	800,000.00	4.50%					
							\$ 11,264,016.89	\$ 279,141.99	\$ 10,984,874.90

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Long - Term Debt  
Schedule of Obligations Under Capital Leases  
For the Fiscal Year Ended June 30, 2011**

<u>Purpose</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2010</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2011</u>
Buses	\$ 514,265.00	\$ 322,895.94	\$ -	\$ 48,146.04	\$ 274,749.90
Truck	25,235.55	17,172.22		17,172.22	-
Bus	86,480.00	68,980.63		7,343.28	61,637.35
Bus	86,218.00	67,393.04		15,731.62	51,661.42
Buses	135,308.00	-	135,308.00	16,533.22	118,774.78
		<u>\$ 476,441.83</u>	<u>\$ 135,308.00</u>	<u>\$ 104,926.38</u>	<u>\$ 506,823.45</u>

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
Budgetary Comparison Schedule  
Debt Service Fund**

For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 738,028.00	-	\$ 738,028.00	\$ 738,028.00	-
	<u>738,028.00</u>		<u>738,028.00</u>	<u>738,028.00</u>	<u>-</u>
State Sources:					
Debt Service Aid Type II	42,352.00	-	42,352.00	42,352.00	-
Total - State Sources	<u>42,352.00</u>	<u>-</u>	<u>42,352.00</u>	<u>42,352.00</u>	<u>-</u>
<b>Total Revenues</b>	<u>780,380.00</u>	<u>-</u>	<u>780,380.00</u>	<u>780,380.00</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest - Lease Purchase Agreement	38,563.00	-	38,563.00	38,562.57	0.43
Redemption of Principal - Lease Purchase Agreement	224,142.00	-	224,142.00	224,141.99	0.01
Interest - Bonds	462,675.00	-	462,675.00	462,675.00	-
Redemption of Principal - Bonds	55,000.00	-	55,000.00	55,000.00	-
Total Regular Debt Service	<u>780,380.00</u>	<u>-</u>	<u>780,380.00</u>	<u>780,379.56</u>	<u>0.44</u>
<b>Total Expenditures</b>	<u>780,380.00</u>	<u>-</u>	<u>780,380.00</u>	<u>780,379.56</u>	<u>0.44</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	0.44	0.44
Fund Balance, July 1	(0.46)	-	(0.46)	(0.46)	-
Fund Balance, June 30	<u>(0.46)</u>	<u>-</u>	<u>(0.46)</u>	<u>(0.02)</u>	<u>0.44</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures					
Budgeted Fund Balance	-	-	-	0.44	0.44

## **STATISTICAL SECTION (UNAUDITED)**

GASB requires that ten years of statistical data be presented. Pursuant to State of New Jersey Department of Education requirements issued for the fiscal year ended June 30, 1994, only two years statistical data needed to be presented. Additional year's data will be included each year thereafter until ten years of data is presented.

## **STATISTICAL SECTION (Unaudited)**

### **Financial Trends**

J-1	Net Assets by Component
J-2	Changes in Net Assets
J-3	Fund Balances - Governmental Funds
J-4	Changes in Fund Balances - Governmental Funds
J-5	General Fund - Other Local Revenue by Source

### **Revenue Capacity**

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers
J-9	Property Tax Levies and Collections

### **Debt Capacity**

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of Net General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt as of June 30
J-13	Legal Debt Margin Information

### **Demographic and Economic Information**

J-14	Demographic and Economic Statistics
J-15	Principal Employers

### **Operating Information**

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Required Maintenance for School Facilities
J-20	Insurance Schedule

Certain Exhibits do not contain ten years of information since GASBS No. 44 was implemented as of the fiscal year ending June 30, 2006.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Net Assets by Component  
Last Eight Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30.							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ 5,179,798.84	\$ 4,895,908.43	\$ 2,549,318.36	\$ (2,488,712.93)	\$ 2,822,071.69	\$ 1,608,727.57	\$ 1,441,988.45	\$ 1,060,119.89
Restricted	105,236.61	277,482.88	2,279,726.75	7,272,336.36	148,778.54	595,126.56	600,957.10	386,487.44
Unrestricted	(76,217.54)	(191,412.46)	(35,289.50)	144,935.10	(445,767.55)	(91,116.97)	(60,578.22)	(20,096.91)
<b>Total governmental activities net assets</b>	<u>\$ 5,208,817.91</u>	<u>\$ 4,981,978.85</u>	<u>\$ 4,793,755.61</u>	<u>\$ 4,928,558.53</u>	<u>\$ 2,525,082.68</u>	<u>\$ 2,112,737.16</u>	<u>\$ 1,982,367.33</u>	<u>\$ 1,426,510.42</u>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ 51,256.00	\$ 53,433.14	\$ 27,406.22	\$ 30,150.59	\$ 24,896.96	\$ 27,767.16	\$ 28,690.76	\$ 6,255.36
Restricted								
Unrestricted	22,235.30	16,255.34	35,995.90	19,482.66	11,664.69	5,603.66	8,111.80	-
<b>Total business-type activities net assets</b>	<u>\$ 73,491.30</u>	<u>\$ 69,688.48</u>	<u>\$ 63,402.12</u>	<u>\$ 49,633.25</u>	<u>\$ 36,561.65</u>	<u>\$ 33,370.82</u>	<u>\$ 36,802.56</u>	<u>\$ 43,379.47</u>
<b>District-wide</b>								
Invested in capital assets, net of related debt	\$ 5,231,054.84	\$ 4,949,341.57	\$ 2,576,724.58	\$ (2,458,562.34)	\$ 2,846,968.65	\$ 1,636,494.73	\$ 1,470,679.21	\$ 1,066,375.25
Restricted	105,236.61	277,482.88	2,279,726.75	7,272,336.36	148,778.54	595,126.56	600,957.10	386,487.44
Unrestricted	(53,982.24)	(175,157.12)	706.40	164,397.76	(434,102.86)	(85,513.31)	(52,466.42)	17,027.20
<b>Total district net assets</b>	<u>\$ 5,282,309.21</u>	<u>\$ 5,051,667.33</u>	<u>\$ 4,857,157.73</u>	<u>\$ 4,978,171.78</u>	<u>\$ 2,561,644.33</u>	<u>\$ 2,146,107.98</u>	<u>\$ 2,019,169.89</u>	<u>\$ 1,469,889.89</u>

Source: District records

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Changes in Net Assets  
Last Eight Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>								
Governmental activities								
Instruction								
Regular	\$2,491,106.97	\$2,606,932.75	\$ 2,433,230.94	\$ 2,381,735.32	\$ 2,377,389.59	\$ 2,147,212.32	\$ 1,934,736.42	\$ 1,872,920.72
Special education	743,633.02	757,540.21	648,342.03	735,406.56	655,350.47	636,491.81	588,689.35	879,704.87
Other instruction	129,510.71	112,817.20	97,702.15	54,187.51	46,100.06	49,969.81	43,070.34	31,555.29
Support Services:								
Tuition	1,555,773.45	1,780,536.76	1,786,571.74	1,675,531.34	1,652,879.05	1,498,899.09	1,592,979.09	1,177,165.10
Student and instruction related services	1,030,125.48	843,799.89	687,358.72	672,384.15	670,643.57	604,007.03	532,145.27	437,487.20
School administrative services	386,756.18	343,524.23	234,089.85	235,475.34	212,992.78	178,599.04	244,126.11	247,662.07
General and business administrative services	341,511.47	288,313.30	486,552.98	850,270.89	421,446.99	380,829.88	307,675.00	330,887.89
Plant operations and maintenance	847,300.34	899,955.37	642,772.01	601,987.62	595,438.01	559,814.55	487,563.97	411,629.49
Pupil transportation	655,654.41	603,928.54	551,529.80	596,036.98	309,877.80	398,141.58	338,109.02	344,366.29
Interest on long-term debt	498,874.74	511,182.93	565,160.54	58,604.93	58,935.17	131,569.82	146,120.04	162,605.72
Total governmental activities expenses	8,680,246.77	8,749,531.18	8,153,310.76	7,861,820.46	6,999,053.49	6,583,534.93	6,185,214.61	5,895,984.64
Business-type activities:								
Food service	132,998.63	125,529.44	114,612.92	110,762.79	104,713.38	104,764.02	100,983.24	86,191.38
Total business-type activities expense	132,998.63	125,529.44	114,612.92	110,762.79	104,713.38	104,764.02	100,983.24	86,191.38
Total district-wide expenses	8,813,245.40	8,875,060.62	8,267,923.68	7,972,583.25	7,103,766.87	6,688,298.95	6,286,197.85	5,982,176.02
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
Pupil transportation	88,179.53	42,040.10	37,747.84	13,488.60	-	-	-	-
Interest on long-term debt	456,522.74	461,131.93	467,251.54	66,208.79	-	-	-	-
Operating grants and contributions	1,093,036.43	1,235,876.62	1,117,151.07	1,316,970.95	670,151.53	1,296,241.21	1,236,756.70	1,401,815.16
Total governmental activities program revenues	1,637,738.70	1,739,048.65	1,622,150.45	1,396,678.34	670,151.53	1,296,241.21	1,236,756.70	1,401,815.16



BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Fund Balances - Governmental Funds,  
Last Eight Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
General Fund								
Restricted	\$ 1.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	137,042.67							
Unassigned	88,458.07							
Reserved		179,248.99	261,123.83	142,565.98	329,534.93	297,177.67	314,131.97	93,786.71
Unreserved		(14,229.07)	140,215.72	322,569.50	241,162.53	95,216.28	133,430.53	180,164.35
Total general fund	<u>\$ 225,501.74</u>	<u>\$ 165,019.92</u>	<u>\$ 401,339.55</u>	<u>\$ 465,135.58</u>	<u>\$ 570,697.46</u>	<u>\$ 392,393.95</u>	<u>\$ 447,562.50</u>	<u>\$ 273,951.06</u>
All Other Governmental Funds								
Restricted, reported in:								
Capital Projects fund	\$ 15,549.36	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund	(0.02)							
Assigned, reported in:								
Capital Projects fund	92,495.27							
Reserved		225,399.49	2,145,847.28	152,033.90	59,933.02			294,748.47
Unreserved, reported in:								
Capital projects fund		15,049.36	14,286.53	6,902,932.38	(302,499.94)	320,409.00	314,115.42	28,325.50
Debt service fund		(0.46)	2,988.60	85,257.77	84,140.83	2,402.81	530.96	3,267.83
Total all other governmental funds	<u>\$ 108,044.61</u>	<u>\$ 240,448.39</u>	<u>\$ 2,163,122.41</u>	<u>\$ 7,140,224.05</u>	<u>\$ (158,426.09)</u>	<u>\$ 322,811.81</u>	<u>\$ 314,646.38</u>	<u>\$ 326,341.80</u>
Total Fund Balances	<u>\$ 333,546.35</u>	<u>\$ 405,468.31</u>	<u>\$ 2,564,461.96</u>	<u>\$ 7,605,359.63</u>	<u>\$ 412,271.37</u>	<u>\$ 719,205.76</u>	<u>\$ 762,208.88</u>	<u>\$ 600,292.86</u>

Source: District records

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Changes in Fund Balances - Governmental Funds,  
Last Eight Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>								
Tax levy	\$ 7,374,877.00	\$ 7,302,981.00	\$ 6,579,582.00	\$ 6,074,887.00	\$ 5,845,018.00	\$ 5,389,537.00	\$ 5,358,268.00	\$ 4,802,612.00
Tuition charges	213,009.68	149,102.24	155,253.03	64,428.36	36,604.35	59,120.98	115,752.73	56,305.94
Transportation Fees	88,179.53	42,040.10	37,747.84	13,498.60				
Interest earnings	5,954.53	24,763.18	61,071.26	439,221.27	219,009.46	24,105.20	16,617.55	3,612.27
Miscellaneous	71,849.01	77,363.87	86,417.77	13,879.37	43,108.95	3,551.63	12,446.01	8,266.52
State sources	790,131.72	1,078,826.30	1,121,778.40	1,254,572.87	1,193,944.99	1,043,617.02	983,518.06	992,696.07
Federal sources	364,194.36	262,877.73	172,065.06	155,546.26	181,611.00	193,972.93	165,789.17	291,873.57
<b>Total revenues</b>	<b>8,908,195.83</b>	<b>8,937,754.42</b>	<b>8,213,915.36</b>	<b>8,016,033.73</b>	<b>7,519,296.75</b>	<b>6,713,904.76</b>	<b>6,662,391.52</b>	<b>6,155,366.37</b>
<b>Expenditures</b>								
Instruction								
Regular instruction	1,638,238.45	1,749,845.57	1,633,363.71	1,548,804.06	1,581,946.09	1,482,915.94	1,316,044.73	1,290,364.19
Special education instruction	540,174.35	571,364.49	435,212.08	500,672.88	428,815.04	448,206.24	378,861.47	656,311.83
Other instruction	89,954.83	77,366.63	77,911.10	34,135.55	24,760.85	31,721.75	27,583.50	28,556.29
Support Services:								
Tuition	1,555,773.45	1,780,536.76	1,796,571.74	1,675,531.34	1,652,879.05	1,498,899.09	1,592,979.09	1,177,165.10
Student and instruction related services	769,912.54	610,464.92	498,035.51	466,330.17	455,448.41	427,755.63	394,062.67	341,252.71
School administrative services	260,255.61	243,281.68	156,936.41	152,840.08	139,870.24	118,457.23	165,580.62	173,272.87
General and business administrative services	280,659.62	233,533.23	392,507.82	739,027.52	313,632.58	293,117.59	240,604.65	281,533.14
Plant operations and maintenance	741,388.18	784,106.39	535,432.42	487,318.47	482,501.84	467,319.64	409,751.22	363,155.20
Pupil transportation	539,984.23	487,617.20	455,236.09	482,720.88	264,606.95	391,764.76	333,559.48	330,516.49
Employee benefits	1,631,006.25	1,541,899.99	1,462,696.06	1,560,798.66	1,439,911.05	1,164,507.93	1,051,363.83	942,779.53
Capital outlay	286,588.72	2,231,812.15	5,098,857.92	3,211,061.60	1,004,433.06	41,713.93	266,843.37	108,504.91
Debt service:								
Principal	279,141.99	271,429.14	258,376.02	289,980.50	243,421.19	260,000.00	250,000.00	240,000.00
Interest and other charges	501,237.57	513,487.92	626,384.15	70,481.56	59,467.79	134,528.15	151,920.87	166,738.58
<b>Total expenditures</b>	<b>9,114,315.79</b>	<b>11,096,748.07</b>	<b>13,427,511.03</b>	<b>11,219,703.27</b>	<b>8,091,694.14</b>	<b>6,760,907.88</b>	<b>6,579,155.50</b>	<b>6,100,150.84</b>
Excess (Deficiency) of revenues over (under) expenditures	(206,119.96)	(2,158,993.65)	(5,213,595.67)	(3,203,669.54)	(572,397.39)	(47,003.12)	83,236.02	55,215.53

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Changes in Fund Balances - Governmental Funds,  
Last Eight Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Other Financing sources (uses)</b>								
Proceeds from borrowing	135,308.00		172,698.00	10,400,000.00	573,037.00			
Capital leases (non-budgeted)	(1,110.00)							
Debt Service Assessment					18,957.53		78,680.00	26,941.00
Interest Due to Escrow Agent			55,957.52	(3,242.20)			120,000.00	40,411.00
N.J. Economic Development Authority grants			(55,957.52)	(436,049.73)	(322,531.53)		(120,000.00)	(40,411.00)
Transfers in			172,698.00	10,396,757.80	269,463.00		78,680.00	26,941.00
Transfers out								
Total other financing sources (uses)	134,198.00							
Net change in fund balances	\$ (71,921.96)	\$ (2,158,993.65)	\$ (5,040,897.67)	\$ 7,193,088.26	\$ (302,934.39)	\$ (47,003.12)	\$ 161,916.02	\$ 82,156.53
Debt service as a percentage of noncapital expenditures	8.84%	8.85%	10.62%	4.50%	4.27%	5.87%	6.37%	6.79%

Source: District records

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

General Fund - Other Local Revenue by Source  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Total</u>	<u>Tuition</u>	<u>Interest</u>	<u>Transportation</u>	<u>Miscellaneous</u>	<u>Prior</u> <u>Year</u> <u>Refunds</u>	<u>Sale of</u> <u>Property</u>
2002	\$ 22,286.62	\$ 9,758.00	\$ 9,031.06	\$ -	\$ 3,497.56	\$ -	\$ -
2003	458,176.31	21,607.68	3,261.40	-	612.84	15,519.39	417,175.00
2004	63,817.02	56,305.94	3,305.96	-	4,205.12	-	-
2005	137,345.74	115,752.73	14,085.60	-	7,507.41	-	-
2006	80,484.23	59,120.98	17,811.62	-	3,551.63	-	-
2007	298,722.76	36,604.35	219,009.46	-	43,108.95	-	-
2008	92,099.87	64,428.36	3,171.54	13,498.60	11,001.37	-	-
2009	271,764.47	155,253.03	5,113.74	37,747.84	73,649.86	-	-
2010	249,561.02	149,102.24	24,763.18	42,040.10	33,655.50	-	-
2011	365,031.72	213,009.68	5,954.53	88,179.53	57,887.98	-	-

Source: District records

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Assessed Value and Estimated Actual Value of Taxable Property,  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,953,239	\$ 336,125,559	1.420
2003								309,360,904	371,335,293	0.970
2004								478,843,102	408,059,243	1.040
2005								486,949,763	465,062,474	1.090
2006								492,508,822	516,535,403	1.060
2007								508,954,404	588,945,617	1.110
2008	10,786,500	492,808,800	22,407,301	17,944,600	977,300	544,924,501	1,128,772	546,053,273	716,628,746	1.200
2009	14,337,600	495,397,400	22,456,445	17,944,600	977,300	551,113,345	1,225,657	552,339,002	723,798,974	1.308
2010	13,803,900	496,511,800	23,002,210	17,892,800	977,300	552,188,010	1,255,931	553,443,941	708,866,592	1.315
2011	15,588,300	510,591,000	23,133,555	15,892,800	-	565,205,655	1,158,652	566,364,307	670,191,566	1.280

Source: Municipal Tax Assessor

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)  
Unaudited**

Fiscal Year Ended December 31,	School District Direct Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County	
2002	1.382	0.038	1.420	0.190	0.860	2.470
2003	0.946	0.024	0.970	0.150	0.580	1.700
2004	0.200	0.840	1.040	0.140	0.640	1.820
2005	0.270	0.820	1.090	0.130	0.690	1.910
2006	0.280	0.780	1.060	0.150	0.730	1.940
2007	1.050	0.060	1.110	0.170	0.780	2.060
2008	1.145	0.055	1.200	0.206	0.797	2.203
2009	1.148	0.160	1.308	0.235	0.799	2.342
2010	1.173	0.142	1.315	0.281	0.786	2.382
2011	1.142	0.138	1.280	0.490	0.750	2.520

**Source: Municipal Tax Collector**

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY**

**Principal Property Taxpayers  
Current Year and Ten Years Ago  
Unaudited**

Fiscal Year Ended June 30,	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Panther Valley Golf & Country Club	\$ 6,073,200	1.10%	\$ -	
Mountain Ridge at Panther Valley	3,510,000	0.63%		
Bowers Glen, Inc.	3,351,600	0.61%		
Baker Residential Ltd. Partnership	3,302,000	0.60%		
Allamuchy Mall Partners	2,750,000	0.50%		
Allamuchy Township (taxable-COAH)	2,407,400	0.43%	Not Available	
Colonial Manor at Partner Valley LLC	2,200,000	0.40%		
Allamuchy Land Development	1,500,000	0.27%		
C & K Partnership	1,483,500	0.27%		
Keck, Daniel & Kristin	1,330,300	0.24%		
<b>Total</b>	<b>\$ 27,908,000</b>	<b>5.04%</b>	<b>\$ -</b>	<b>0.00%</b>

**Source: Municipal Tax Assessor**

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 8,838,889.00	\$ 8,705,647.00	98.49%	\$ -	\$ 8,705,647.00	98.49%
2002	9,158,643.00	9,040,925.00	98.71%	-	9,040,925.00	98.71%
2003	10,001,149.00	9,767,617.00	97.66%	-	9,767,617.00	97.66%
2004	10,780,839.00	10,589,971.00	98.22%	-	10,589,971.00	98.22%
2005	10,888,686.00	10,640,802.00	97.72%	102,073.83	10,742,875.83	98.66%
2006	11,875,387.00	11,728,551.00	98.76%	134,533.66	11,863,084.66	99.89%
2007	13,155,838.56	12,903,685.36	98.08%	200,635.44	13,104,320.80	99.60%
2008	14,358,523.33	14,074,177.00	98.01%	197,814.01	14,271,991.01	99.39%
2009	15,190,066.87	14,795,482.02	97.40%	266,599.45	15,062,081.47	99.15%
2010	16,036,596.59	15,659,358.98	97.64%		15,659,358.98	97.64%

Source: Municipal Tax Collector

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-	
2003	495,000	2,390,000	103,766	-	-	2,988,766	1.66%	761	
2004	395,000	2,240,000	57,387	-	-	2,692,387	1.46%	680	
2005	295,000	2,090,000	8,421	-	-	2,393,421	1.27%	604	
2006	195,000	1,930,000	-	-	-	2,125,000	1.09%	527	
2007	95,000	-	1,588,803	-	-	1,683,803	0.79%	385	
2008	10,400,000	1,393,822	460,264	-	-	12,254,086	5.63%	2,803	
2009	10,350,000	1,185,446	556,454	-	-	12,091,900	5.48%	2,777	
2010	10,295,000	969,017	476,442	-	-	11,740,459	5.39%	2,782	
2011	10,240,000	744,875	-	-	-	10,984,875	5.04%	2,603	

Exhibit J-11

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ -	\$ -	\$ -	0.00%	\$ -
2003	495,000	-	495,000	0.16%	126
2004	395,000	-	395,000	0.08%	100
2005	295,000	-	295,000	0.06%	74
2006	195,000	-	195,000	0.04%	48
2007	95,000	-	95,000	0.02%	22
2008	10,400,000	-	10,400,000	1.90%	2,379
2009	10,350,000	-	10,350,000	1.87%	2,377
2010	10,295,000	-	10,295,000	1.86%	2,440
2011	10,240,000	-	10,240,000	1.81%	2,427

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY**

**Direct and Overlapping Governmental Activities Debt  
As of December 31, 2010  
Unaudited**

Net Direct Debt of School District as of December 31, 2010	\$ 11,039,874.90
Net Overlapping Debt of School District: Township of Allamuchy (100%)	14,443,635.41
County of Warren - Township's share (5.26% of \$9,835,000.00)	<u>517,607.00</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2010	<u>14,961,242.41</u>
	<u>\$ 26,001,117.31</u>

Source: Township of Allamuchy Chief Financial Officer and Warren County Treasurer's Office.

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY**

**Legal Debt Margin Information  
Last Nine Fiscal Years  
Unaudited**

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

Equalized valuation basis	
2008	712,133,430
2009	704,028,288
2010	651,549,274
	<u>\$ 2,067,710,992</u>
Average equalized valuation of taxable property	<u>\$ 689,236,997</u>
Debt limit (3% of average equalization value)	20,677,110
Total Net Debt Applicable to Limit	10,240,000
Legal debt margin	<u>\$ 10,437,110</u>

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt limit	\$ 17,166,031	\$ 18,916,103	\$ 20,373,999	\$ 20,982,766	\$ 20,677,110
Total net debt applicable to limit	10,495,000	10,400,000	10,350,000	10,295,000	10,240,000
Legal debt margin	<u>\$ 6,671,031</u>	<u>\$ 8,516,103</u>	<u>\$ 10,023,999</u>	<u>\$ 10,632,766</u>	<u>\$ 10,437,110</u>

Total net debt applicable to the limit as a percentage of debt limit 61.14% 54.98% 50.80% 49.06% 49.52%

	Fiscal Year				
	2002	2003	2004	2005	2006
Debt limit	\$ -	\$ 10,962,677	\$ 12,212,328	\$ 13,630,242	\$ 14,354,000
Total net debt applicable to limit		495,000	395,000	295,000	295,000
Legal debt margin	<u>\$ -</u>	<u>\$ 10,467,677</u>	<u>\$ 11,817,328</u>	<u>\$ 13,335,242</u>	<u>\$ 14,059,000</u>

Total net debt applicable to the limit as a percentage of debt limit #DIV/0! 4.52% 3.23% 2.16% 2.06%

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

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY**

**Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited**

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2002	3,936	177,298,515	45,045	5.70%
2003	3,925	179,808,668	45,811	6.20%
2004	3,959	184,449,472	46,590	4.60%
2005	3,964	187,822,023	47,382	2.00%
2006	4,035	194,436,305	48,187	2.01%
2007	4,368	214,060,928	49,007	3.70%
2008	4,371	217,849,483	49,840	5.0%
2009	4,355	220,741,932	50,687	4.8%
2010	4,220	217,878,600	51,630 (Actual)	4.9%
2011	4,220 Est	217,878,600	51,630 Est	

**Sources:**

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

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

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

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

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Principal Employers  
Current Year and Ten Years Ago  
Unaudited

Employer	2011			2002		
	Approximate Employees	Rank [Optional]	Percentage of Total Municipal Employment	Approximate employees	Rank [Optional]	Percentage of Total Municipal Employment
		Not Available			Not Available	
	0		0.00%	0	0	0.00%

Source: \_\_\_\_\_

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Full-time Equivalent District Employees by Function/Program  
Last Five Fiscal Years  
Unaudited

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular					25.0	25.0	25.0	29.0	29.5	29.5
Special education					5.0	5.0	5.0	3.0	5.5	5.0
Other instruction					10.0	10.0	11.0	11.0	0.0	0.0
School sponsored/other instructional										
Support Services:										
Tuition					14.0	14.0	15.0	13.1	7.3	7.3
Student and instruction related services					3.0	3.0	2.3	3.0	3.0	3.0
School administrative services					2.0	1.4	1.4	0.9	1.1	1.6
General and business administrative services					4.0	4.8	4.8	1.0	0.0	
Central Services										
Administrative information technology					4.8	4.8	4.8	7.0	5.0	6.0
Plant operations and maintenance					4.0	4.5	4.5	11.6	11.5	11.5
Pupil transportation										
Special Schools										
Food Service										
Child Care										
Total	0	0	0	0	71.8	72.5	73.8	79.6	62.9	63.9

Source: District Personnel Records

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2002	342.0	4,596,440	13,440	-3.02%				342.0	322	1.91%	94.15%
2003	358.2	5,536,591	15,457	15.01%	39	1:7		358.2	336	4.74%	93.80%
2004	334.4	5,354,451	16,012	3.59%	42	1:5		334.4	317.3	-6.64%	94.89%
2005	338.6	5,792,857	17,108	6.85%	37	1:5		338.6	317.4	1.26%	93.74%
2006	353.2	6,324,666	17,907	4.67%	39	1:11		353.2	335.0	4.31%	94.85%
2007	355.4	6,784,372	19,089	6.60%	41	1:8.6		355.4	340.2	0.62%	95.72%
2008	357.0	4,601,592	12,890	-32.48%	41	1:8.6		347.0	364.0	-2.36%	104.90%
2009	386.0	7,443,893	19,285	49.61%	38	1:10.2		381.8	365.4	10.03%	95.70%
2010	387.0	8,080,019	20,879	8.27%	37	1:10.35		387.9	369.0	1.59%	95.13%
2011	405.0	7,858,076	19,403	-7.07%	37	1:10.95		423.0	398.7	9.06%	94.26%

Source: District records

Note: Enrollment based on annual October district count.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

School Building Information  
Last Six Fiscal Years  
Unaudited

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>District Building</b>										
<u>Allamuchy Elementary School (1958)</u>										
Square Feet				56,879	56,879	56,879	56,879	56,879	56,879	56,879
Capacity (students)				398	398	398	398	398	398	398
Enrollment				356	356	357	386	297	297	297
<u>Mountain Villa School (2010)</u>										
Square Feet									27,260	27,260
Capacity (students)									180	180
Enrollment									90	90

Other  
Storage Building(s) -pole barn, waste  
treatment, 3 sheds  
Square Feet

Number of Schools at June 30, 2011  
Elementary = 2

Source: District Facilities Office

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

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

General Fund  
Schedule of Required Maintenance for School Facilities  
Last Ten Fiscal Years  
Unaudited

*School Facility	Pending Projects (w/DOE Project #)	Gross Building Area (SF)	Year									
			2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Allamuchy Township Elementary School		80,000	\$ 108,256	\$ 106,765	\$ 69,272	\$ 29,712	\$ 61,792	\$ 73,898	\$ 66,157	\$ 29,395	\$ 32,514	\$ 32,459
Mountain Villa School		27,260	27,173	49,434	-	-	-	-	-	-	-	-
<b>Total School Facilities</b>		\$ 107,260	\$ 135,429	\$ 156,199	\$ 69,272	\$ 29,712	\$ 61,792	\$ 73,898	\$ 66,157	\$ 29,395	\$ 32,514	\$ 32,459

Undistributed Expenditures--Required Maintenance for School Facilities  
11-000-261-xxx

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

Source: District records

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY**

**Insurance Schedule  
As of June 30, 2010  
Unaudited**

<b>Policy Type</b>	<b>COVERAGE</b>	<b>DEDUCTIBLE</b>
School Alliance Insurance Fund:		
Blanket Building & Contents (Property)	\$50,000,000 Per Occurrence	\$1,000
Comprehensive General Liability	11,000,000 Per Occurrence	
Employee Benefit Liability	11,000,000 Per Occurrence	1,000
Comprehensive Automobile Liability	11,000,000 Per Occurrence	
Workers Compensation	5,000,000 Per Occurrence	
School Board Legal Liability	11,000,000	5,000
Excess Liability: Excludes School Board Legal Liability	5,000,000	
Crime-Blanket Employee Dishonesty	1,000,000	1,000
Per Loss member aggregate limit	400,000	
Environmental Impairment Liability	1,000,000 Incident	10,000
Non-SAIF Coverages		
Employee Dishonesty	5,000	
Student Accident Insurance	1,000,000	
Surety Bond - Board Secretary/Business Administrator	180,000	
Surety Bond - Treasurer of School Moneys	190,000	

**Source: District records**

## **Single Audit Section**

*T. M. Vrabel & Associates, LLC*  
*Accountants and Auditors*

K-1  
Sheet 1

*Timothy M. Vrabel, RMA, PSA*  
*Chris C. Hwang, CPA*

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

The Honorable President  
Members of the Board of Education  
Township of Allamuchy School District  
County of Warren, New Jersey

We have audited the basic financial statements of the Township of Allamuchy as of and for the year ended June 30, 2011, and have issued our report thereon dated October 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (Finding #2011-1). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

170 East Main Street  
P.O. Box 541  
Denville, NJ 07834  
973-625-2920 Fax: 973-625-8733  
Email: [tmvrabeldvc@optonline.net](mailto:tmvrabeldvc@optonline.net)

Compliance and Other Matters

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

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



Timothy M. Vrabel  
Public School Accountant  
License No. CS000698



Chris C. W. Hwang  
Certified Public Accountant  
License No. CC033704

October 7, 2011

*T. M. Vrabel & Associates, LLC*  
*Accountants and Auditors*

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K-2  
Sheet 1

*Timothy M. Vrabel, RMA, PSA*  
*Chris C. Hwang, CPA*

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
NEW JERSEY OMB CIRCULAR LETTER 04-04

The Honorable President  
Members of the Board of Education  
Township of Allamuchy School District  
County of Warren, New Jersey

Compliance

We have audited the compliance of the Township of Allamuchy School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2011. Township of Allamuchy School District 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 Township of Allamuchy School District's management. Our responsibility is to express an opinion on Township of Allamuchy School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey Office of Management and Budget Circular Letter 04-04 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Township of Allamuchy School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Township of Allamuchy School District's compliance with those requirements.

*170 East Main Street*  
*P.O. Box 541*  
*Denville, NJ 07834*  
*973-625-2920 Fax: 973-625-8733*  
*Email: tmvrabeldvc@optonline.net*

In our opinion, the Board of Education of the Township of Allamuchy School District, in the County of Warren, State of New Jersey, 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 year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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



Timothy M. Vrabel  
Public School Accountant  
License No. CS000698



Chris C. W. Hwang  
Certified Public Accountant  
License No. CC033704

October 7, 2011

**BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUUCHY**

**Schedule of Expenditures of Federal Awards, Schedule A  
For the Fiscal Year Ended June 30, 2011**

Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2010	Adjustments	Cash Received	Disbursements	BUDGETARY EXPENDITURES		Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2011 Deferred Revenue	Due to Grantor
							Accounts Payable	Encumbrances				
Federal Grantor/Program Title								Total				
U.S. Department of Agriculture Passed - Through State Department of Education:												
Food Distribution Program	10.550 7/1/10-6/30/11	\$ 5,677.05	\$ 792.28	\$ -	\$ 5,677.05	\$ 6,041.30	\$ -	\$ 6,041.30	\$ -	\$ 428.03	\$ -	\$ -
National School Lunch Program	10.555 7/1/10-6/30/11	20,416.28	(1,373.80)	-	20,416.28	20,416.28	-	20,416.28	-	-	-	-
National School Lunch Program	10.555 7/1/09-6/30/10	16,903.62	(581.52)	-	1,373.80	-	-	-	-	-	-	-
Total U.S. Department of Agriculture					<u>27,467.13</u>	<u>26,457.58</u>		<u>26,457.58</u>		<u>428.03</u>		
U.S. Department of Education Passed - Through State Department of Education:												
ARRA Education Jobs Fund	84.410 7/1/10-6/30/11	23,439.00			4,447.50	20,865.61	2,573.39	23,439.00	(18,991.50)			
Total U.S. Department of Education (Fund 10)					<u>4,447.50</u>	<u>20,865.61</u>	<u>2,573.39</u>	<u>23,439.00</u>	<u>(18,991.50)</u>			
Special Revenue Funds:												
E.S.E.A. Title I	84.010A 9/1/10-8/31/11	13,679.00			11,527.00	13,679.00		13,679.00	(2,152.00)			
E.S.E.A. Title I	84.010A 9/1/09-8/31/10	21,514.00	(12,038.00)		12,038.00							
E.S.E.A. Title II A	84.367A 9/1/10-8/31/11	18,753.00			13,000.00	15,767.12	2,925.00	18,692.12	(5,692.12)			
E.S.E.A. Title II A	84.367A 9/1/09-8/31/10	18,869.00	(11,431.00)		11,431.00							
E.S.E.A. Title II D	84.367A 9/1/10-8/31/11	29.00			29.00	29.00		29.00				
E.S.E.A. Title II D	84.367A 9/1/09-8/31/10	217.00			217.00	217.00		217.00				
E.S.E.A. Title IV	84.186A 9/1/09-8/31/10	806.00	(806.00)		806.00							
I.D.E.A. Part B, Basic	84.027A 9/1/10-8/31/11	94,735.00	(8,471.00)		57,520.00	94,064.77	670.23	94,735.00	(37,215.00)			
I.D.E.A. Part B, Basic	84.027A 9/1/09-8/31/10	93,353.00			8,471.00							
I.D.E.A. Part B, Preschool	84.173A 9/1/10-8/31/11	5,539.00			5,539.00	5,539.00		5,539.00				
ARRA Title I	84.389 7/1/09-8/31/11	6,428.00	(6,428.00)		6,428.00							
ARRA I.D.E.A., Basic	84.391 7/1/09-8/31/11	100,919.00	(16,325.00)		16,325.00							
ARRA I.D.E.A., Preschool	84.392 7/1/09-8/31/11	3,649.00	(3,649.00)		3,649.00							
Rural School Achievement Program	84.358A 9/1/10-8/31/11	31,138.00			20,671.54	30,463.00	675.00	31,138.00	(10,466.46)			
Rural School Achievement Program	84.358A 9/1/09-8/31/10	27,785.00	(27,785.00)		27,785.00							
Teaching American History Grant	84.215X 9/1/10-8/31/13	66,966.04	(273.52)		175,195.00	168,195.00		168,195.00	(273.52)	7,000.00	20.00	
Technology Literacy Challenge Grant	84.138 9/1/01-8/31/02	147,658.00	(87,186.52)		370,631.54	327,953.89	4,270.23	332,224.12	(55,799.10)	7,000.00	20.00	
School Renovation, IDEA and Technology	84.352A 3/1/04-9/30/04											
Total U.S. Department of Education (Fund 20)					<u>402,546.17</u>	<u>375,277.08</u>	<u>2,573.39</u>	<u>382,120.70</u>	<u>(74,362.57)</u>	<u>7,000.00</u>	<u>20.00</u>	<u>20.00</u>
Total Federal Financial Assistance												

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

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

Schedule of Expenditures of State Financial Assistance, Schedule B  
For the Fiscal Year Ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Total	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2011 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable					
State Department of Education:													
General Funds:													
Categorical Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	\$ 34,998.00	\$ -	\$ -	\$ 31,969.11	\$ 34,998.00	\$ -	\$ 34,998.00	\$ -	\$ (3,128.89)	\$ -	\$ -
Categorical Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	295,384.00	(27,076.48)		27,076.48							
Categorical Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	255,882.00	(23,457.11)		233,005.62	255,882.00		255,882.00		(22,876.38)		
Categorical Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	235,882.00			23,457.11					(3,160.73)		
Categorical Security Aid	11-495-034-5120-084	7/1/10-6/30/11	35,354.00			32,193.27	35,354.00		35,354.00				
Categorical Security Aid	10-495-034-5120-084	7/1/09-6/30/10	35,850.00	(3,286.43)		3,286.43							
Adjustment Aid	11-495-034-5120-085	7/1/09-6/30/10	120,163.00	(9,921.98)		9,921.98							
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	38,338.00	(6,837.00)		6,837.00	38,338.00		38,338.00		(38,338.00)		
Non-Public Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	6,837.00										
Non-Public Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	8,352.00	(10,516.00)		10,516.00	8,352.00		8,352.00		(8,352.00)		
Reimbursed TPAF Social Security Contribution	10-495-034-5120-014	7/1/09-6/30/10	10,516.00			170,262.33	179,246.72		179,246.72		(8,984.39)		
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	179,246.72	(8,589.16)		8,589.16							
On-Behalf TPAF Pension Contributions	10-495-034-5095-002	7/1/09-6/30/10	176,432.30			154,623.00	154,623.00		154,623.00				
On-Behalf TPAF Pension Contributions	11-495-034-5095-001	7/1/10-6/30/11	154,623.00	(89,884.16)		711,637.49	706,793.72		706,793.72		(84,840.39)		
Total General Funds													
Special Revenue Funds:													
Distance Learning Network Aid	03-495-034-5120-348	7/1/02-6/30/03	20,710.00	6,410.00			6,410.00		6,410.00				
V-Free Mini Grant	07MLKJ108AVF	7/1/06-6/30/07	1,553.00	(1,553.00)							(1,553.00)		
Total Special Revenue Funds													
Debt Service Funds:													
Debt Service Aid - State Support	11-495-034-5120-125	7/1/10-6/30/11	42,352.00										
Total Debt Service Funds													
Enterprise Funds:													
State School Lunch Program	11-100-010-3360-067	7/1/10-6/30/11	1,537.81	(126.80)		1,537.81	1,537.81		1,537.81				
State School Lunch Program	10-100-010-3360-067	7/1/09-6/30/10	1,614.38			126.80							
Total All Funds													
			\$ 757,093.53	\$ (84,953.96)		\$ 755,654.10	\$ 757,093.53		\$ 757,093.53		\$ (86,393.39)	\$ -	\$ -

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

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2011

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Township of Allamuchy School District Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

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

Note 3: Relationship to Basic Financial Statements

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

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

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2011  
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$34,576.00 for the general fund and \$19,095.24 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$23,439.00	\$ 41,369.30	\$ 764,808.72
Special Revenue Fund	340,775.36	6,410.00	347,465.36
Debt Service Fund		42,352.00	42,352.00
Food Service Fund	<u>26,093.33</u>	<u>1,537.81</u>	<u>27,631.14</u>
Total Awards and Financial Assistance	<u>\$ 390,287.69</u>	<u>\$ 791,669.53</u>	<u>\$ 1,181,957.22</u>

Note 4: Relationship to State Financial Reports

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

Note 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for post-retirement medical benefits and the normal and accrued liability pension costs for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor’s Results

**Financial Statement Section**

- A) Type of auditor’s report issued: Unqualified
- B) Internal Control over financial reporting:
- 1) Material weakness(es) identified? yes X no
  - 2) Were significant deficiencies identified  
that were not considered to be material  
weaknesses? X yes none reported
- C) Noncompliance material to basic  
financial statements noted? yes X no

**Federal Awards Section**            Not Applicable

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor’s Results (Continued)

**State Financial Assistance Section**

- F) Dollar threshold used to determine Type A Programs \$ 300,000.00
- K) Auditee qualified as low-risk auditee? \_\_\_\_\_yes Xno
- L) Type of auditor’s report on compliance for major programs. Unqualified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? \_\_\_\_\_yes Xno
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_\_\_yes Xnone reported
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? \_\_\_\_\_yes Xno

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
11-495-034-5120-089	Special Education Aid
11-495-034-5120-084	Security Aid
11-495-034-5095-002	Reimbursed TPAF Social
	Security Contributions

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

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

Finding 2011-1

Criteria or specific requirement:

Management is responsible for establishing and maintaining an internal control system to ensure compliance with requirements of laws, regulations, contracts and grants.

Condition:

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions, including payroll preparation, in the Board Office are handled by one person.

Questioned Costs:

Not Applicable

Context:

While this situation is not unusual in operations the size of the School District, management should be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Effect:

Our audit did not reveal any significant errors or irregularities resulting from this lack of segregation of employees' duties and responsibilities.

Recommendation:

Not Applicable

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011  
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

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

Federal Awards -- Not Applicable

State Financial Assistance – Not Applicable

BOARD OF EDUCATION  
TOWNSHIP OF ALLAMUCHY  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED JUNE 30, 2011

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

**STATUS OF PRIOR YEAR FINDINGS**

FINDING 2010-1

Conditions:

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions, including payroll preparation, in the Board Office are handled by one person.

Current Status:

Unchanged – See Finding #2011-1.

FINDING 2010-2

Condition:

Contrary to N.J.A.C.. 6A:23A-16.10, there were numerous overexpenditure of budget line item accounts as a result of auditor reversals of appropriation credits and correcting the posting of State Aid deduction Debit/Credit Memos.

Current Status:

That all budget appropriation expenditure adjustments were made properly and on a timely basis to ensure that the board of education shall not incur any obligation or approve any payment in excess of the amount appropriated.