

ALLENDALE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Allendale, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Allendale Board of Education

Allendale, New Jersey

For The Fiscal Year Ended June 30, 2011

Prepared by

Business Office

**ALLENDALE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-iv
Organizational Chart	v
Roster of Officials	vi
Consultants and Advisors	vii

FINANCIAL SECTION

Independent Auditors' Report	1-2
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	3-15
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Assets	16
A-2 Statement of Activities	17

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	18
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	19
B-3 Illustrative Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statements	20

Proprietary Funds

B-4 Combining Statement of Net Assets	21
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Assets	22
B-6 Combining Statement of Cash Flows	23

Fiduciary Funds

B-7 Statement of Fiduciary Net Assets	24
B-8 Statement of Changes in Fiduciary Net Assets	25

Notes to the Basic Financial Statements	26-50
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**ALLENDALE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	51-56
C-2	Budgetary Comparison Schedule – Special Revenue Fund – Budget (Non-GAAP) and Actual	57
C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	58

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	59
E-2	Schedule of Preschool Aid Expenditures – Budgetary Basis – Not Applicable	60

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	61
F-2	Summary Schedule of Project Expenditures and Changes in Fund Balance - Budgetary Basis	62
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project – Budgetary Basis – School Improvements	63
F-2b	Schedule of Project Revenues, Expenditures, Project Balance and Project – Budgetary Basis – School Improvements	64

G. Proprietary Funds

G-1	Statement of Net Assets – Not Applicable	65
G-2	Statement of Revenues, Expenses and Changes in Net Assets – Not Applicable	65
G-3	Statement of Cash Flows – Not Applicable	65

**ALLENDALE BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
G. Proprietary Funds (Continued)	
<i>Internal Service Fund</i>	
G-4 Combining Schedule of Net Assets – Not Applicable	
G-5 Combining Schedule of Revenues, Expenses and Changes in Net Assets – Not Applicable	
G-6 Combining Schedule of Cash Flows – Not Applicable	
H. Fiduciary Funds	
H-1 Combining Statement of Net Assets	66
H-2 Combining Statement of Changes in Net Assets – Not Applicable	66
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	67
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	67
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	68-69
I-2 Debt Service Fund Budgetary Comparison Schedule	70
I-3 Schedule of Obligations Under Capital Leases – Not Applicable	71
J.	STATISTICAL SECTION (Unaudited)
J-1 Net Assets by Component	72
J-2 Changes in Net Assets	73-74
J-3 Fund Balances – Governmental Funds	75
J-4 Changes in Fund Balances - Governmental Funds	76-77
J-5 General Fund - Other Local Revenue by Source	78
J-6 Assessed Value and Actual Value of Taxable Property	79
J-7 Property Tax Rates	80
J-8 Principal Property Taxpayers	81
J-9 Property Tax Levies and Collections	82
J-10 Ratios of Outstanding Debt by Type	83
J-11 Ratios of Net General Bonded Debt Outstanding	84
J-12 Computation of Direct and Overlapping Outstanding Bonded Debt	85
J-13 Legal Debt Margin Information	86
J-14 Demographic Statistics	87
J-15 Principal Employers	88
J-16 Full-Time Equivalent District Employees by Function/Program	89
J-17 Operating Statistics	90
J-18 School Building Information	91
J-19 Schedule of Required Maintenance for School Facilities	92
J-20 Schedule of Insurance	93

**ALLENDALE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

SINGLE AUDIT SECTION

K-1	Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	94-95
K-2	Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04	96-97
K-3	Schedule of Expenditures of Federal Awards	98
K-4	Schedule of Expenditures of State Financial Assistance	99
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	100-101
K-6	Schedule of Findings and Questioned Costs	102-105
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs	106

INTRODUCTORY SECTION

ALLENDALE BOARD OF EDUCATION
Ruthann Quinn, Interim School Business Administrator
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rquinn@allendaleschoolsnj.com

November 28, 2011

Honorable President and
Members of the Board of Education
Borough of Allendale School District
County of Bergen
Allendale, New Jersey

The comprehensive annual financial report of the Borough of Allendale School District (District) 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 Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical 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 required supplementary information, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations"; and New Jersey OMB Circular Letter 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. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this report.

1. DESCRIPTION OF THE MUNICIPALITY: The Borough of Allendale is located approximately 20 miles north of the George Washington Bridge in the northwestern section of Bergen County, New Jersey. Incorporated in 1894, the Borough is primarily a residential community, with a large number of commuters who take advantage of a reliable commuter transportation system. The Borough is bordered by the Boroughs of Ramsey, Saddle River and Waldwick, as well as Mahwah and Wyckoff Townships. The Borough of Allendale encompasses 3.13 square miles with a density factor of approximately 2,145 persons per square mile, based upon the Borough's 2008 estimated population of 6,618 persons.

1. DESCRIPTION OF THE MUNICIPALITY: (Continued)

The District is served by major transportation routes, including Routes 17, 502 and 507, as well as Interstates 87 and 287, along with a network of other county roads. Metropolitan airports are within fairly easy commuting distance. Nearby rail and bus service for commuting are also available.

2. REPORTING ENTITY AND ITS SERVICES: The Borough of Allendale School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Borough of Allendale Board of Education and all its schools constitute the District's reporting entity.

The school district has two schools and utilizes a Kindergarten-Grade Three, Grades Four-Eight configuration and provides a full range of educational services. These include regular as well as special education for special needs students. The District completed the 2010-2011 fiscal year with an average daily enrollment of 957 students, which is 13 more than the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last nine years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	957	1.37%
2009-2010	944	(1.04%)
2008-2009	954	(3.73)
2007-2008	997	(3.39%)
2006-2007	1,032	(3.7%)
2005-2006	1,072	(1.4%)
2004-2005	1,087	(1.4%)
2003-2004	1,102	(0.64%)
2002-2003	1,109	(0.64%)

3. ECONOMIC CONDITION AND OUTLOOK: The Borough of Allendale is managing within the confines of the region's downturn in the economy. The Borough's unemployment rate experience is 5.8% lower than the national average. While the County of Bergen, at \$64,388, has the third highest per capita personal income within the state, the northwestern section of the County, in which Allendale is located, continues to have one of the highest per capita personal incomes within the County.

4. MAJOR INITIATIVES: The Allendale School District prides itself on being an exemplary school system. Various rating groups have ranked both the K-8 district and the regional high school, located in the Borough, as the best in New Jersey. State of the art programs exist throughout the school system, and student achievement is extraordinarily high when compared to all reference groups. The focus of the school district, however, is equally dedicated to providing a well-rounded educational experience to its students, together with many opportunities for exploration and experimentation. The District also provides a wide array of services for special needs students as well as for those in accelerated programs. This past year the District updated its website for a more interactive, user friendly website where the community can get more information regarding the School District.

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

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

6. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

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

7. **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. These funds are explained in "Notes to the Basic Financial Statements".

8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan which requires it to deposit 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 funds are secured in accordance with the Act.

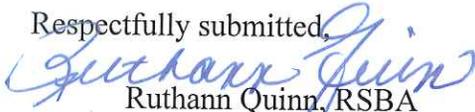
9. **RISK MANAGEMENT:** The Board carries various forms of insurance including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was appointed by 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 as amended, the Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA), USOMB Circular A-133, New Jersey and OMB Circular Letter 04-04. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

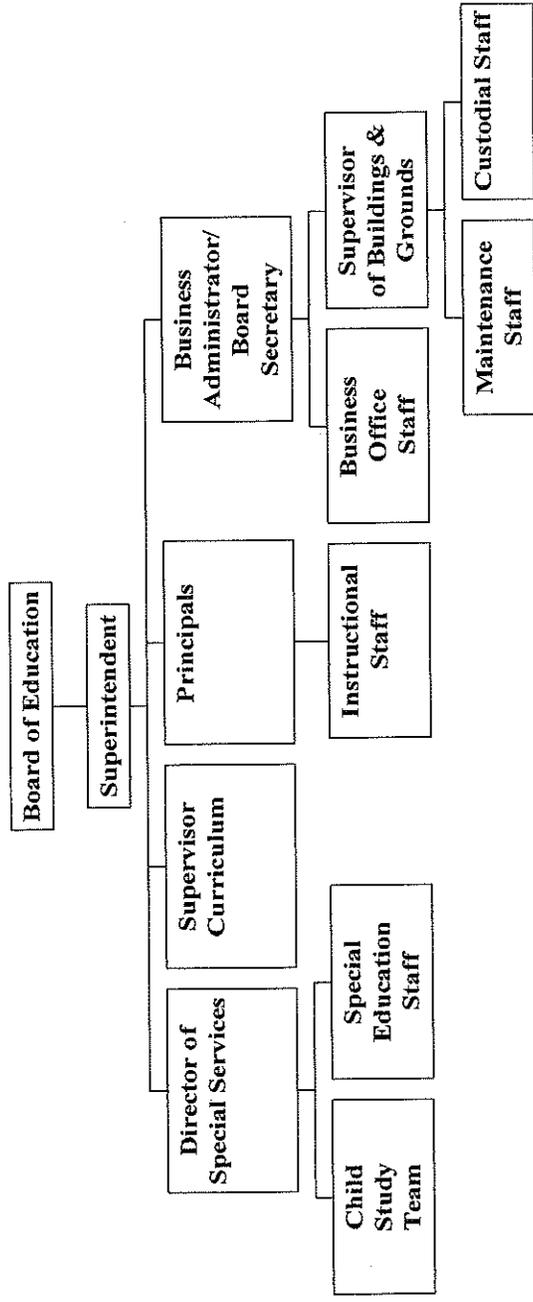
11. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Borough of Allendale School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,


Ruthann Quinn, RSBA
Interim School Business Administrator


Michael Barcadepone
Superintendent

**BOROUGH OF ALLENDALE BOARD OF EDUCATION
 Organization Chart
 (Unit Control)**



**BOROUGH OF ALLENDALE BOARD OF EDUCATION
BOROUGH OF ALLENDALE, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2011

Members of the Board of Education

Term Expires

Melissa Duncan, President	2013
Todd Fliegel, Vice President	2014
Lynn Barsamian	2012
John Geraghty	2013
Mark McAuliffe	2012

Other Officials

Michael Barcadepone, Superintendent
Ruthann Quinn, Interim School Business Administrator/Board Secretary
Maureen Alissa Mayer, Treasurer

BOROUGH OF ALLENDALE SCHOOL DISTRICT

Consultants & Advisors

June 30, 2011

District Auditor

Lerch, Vinci & Higgins, LLP
17-17 Route 208N
Fair Lawn, New Jersey 07410

Attorney

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, New Jersey 07410

Official Depositories

TD Bank/Commerce
63 West Allendale Avenue
Allendale, New Jersey 07401

State of New Jersey
Cash Management Fund
CN 290
Trenton, New Jersey 08625

NJ ARM
3625 Nottingham Way
Hamilton, New Jersey 08690

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITORS' REPORT

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

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

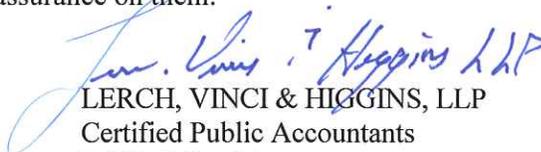
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by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

In our opinion, the financial statements referred to previously 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 Allendale Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2011 on our consideration of the Allendale Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Allendale Board of Education's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


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


Paul J. Lerch
Public School Accountant
PSA Number CS001118

Fair Lawn, New Jersey
November 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

This discussion and analysis of the Allendale School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2011. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2010/2011 year are as follows:

- **District-Wide Statements** - General revenues accounted for \$13,990,883 or 88 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,836,857 or 12 percent of total revenues of \$15,827,740.
- **District-Wide Statements** - The School District had \$14,210,925 in expenses; only \$1,836,857 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13,990,883 were adequate to provide for these programs.
- **Fund Financials** - As of the close of the current fiscal year, the Allendale Board of Education's governmental funds reported combined ending fund balances of \$5,710,828, a increase of \$1,139,269 in comparison with the prior year.
- **Fund Financials** - At the end of June 30, 2011, unassigned fund balance (budgetary basis) for the General Fund was \$660,497 an increase of \$102,222.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Allendale Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Allendale Board of Education, reporting the Allendale Board of Education's operation in more detail than the district-wide statements.
 - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the Allendale Board of Education operates like a business.
 - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Figure A-1 summarizes the major features of the Allendale Board of Education's financial statements, including the portion of the Allendale Board of Education's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance and food service	Activities the district operates similar to private businesses
Required financial statements	Statements of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Fund Net Assets
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-wide Statements

District-wide. The *District-wide financial statements* are designed to provide readers with a broad overview of the Allendale Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Allendale Board of Education's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

District-wide Statements (Continued)

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund and Summer Music Program Fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

Governmental funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Fund Financial Statements (Continued)

Proprietary Funds. The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund and Summer Music Program Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund, Unemployment Trust Fund Scholarship Fund and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

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

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE ALLENDALE BOARD OF EDUCATION AS A WHOLE

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

Table A-1 provides a summary of the school district's net assets for fiscal years 2011 and 2010. For 2011 and 2010 net assets were \$8,996,379 and \$7,379,564, respectively.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Table A-1
Statement of Net Assets
As of June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 6,015,745	\$ 4,738,782	\$ 78,955	\$ 67,127	\$ 6,094,700	\$ 4,805,909
Capital Assets	<u>11,145,637</u>	<u>11,412,278</u>	<u>61,560</u>	<u>27,049</u>	<u>11,207,197</u>	<u>11,439,327</u>
Total Assets	<u>17,161,382</u>	<u>16,151,060</u>	<u>140,515</u>	<u>94,176</u>	<u>17,301,897</u>	<u>16,245,236</u>
Current Liabilities	291,093	207,084	38,907	2,348	330,000	209,432
Noncurrent Liabilities	<u>7,975,518</u>	<u>8,656,240</u>	<u>-</u>	<u>-</u>	<u>7,975,518</u>	<u>8,656,240</u>
Total Liabilities	<u>8,266,611</u>	<u>8,863,324</u>	<u>38,907</u>	<u>2,348</u>	<u>8,305,518</u>	<u>8,865,672</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	4,271,315	3,876,300	61,560	27,049	4,332,875	3,903,349
Restricted	3,580,419	3,101,631			3,580,419	3,101,631
Unrestricted	<u>1,043,037</u>	<u>309,805</u>	<u>40,048</u>	<u>64,779</u>	<u>1,083,085</u>	<u>374,584</u>
Total Net Assets	<u>\$ 8,894,771</u>	<u>\$ 7,287,736</u>	<u>\$ 101,608</u>	<u>\$ 91,828</u>	<u>\$ 8,996,379</u>	<u>\$ 7,379,564</u>

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities. Governmental activities increased the District's net assets by \$1,607,035. Key elements of this increase are as follows:

Table A-2 shows the changes in net assets for fiscal years ended June 30, 2011 and 2010.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

**Table A-2
Changes in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2010**

Revenues	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program Revenues						
Charges for Services	\$ 79,036	\$ 122,981	\$ 239,985	\$ 235,918	\$ 319,021	\$ 358,899
Operating Grants and Contributions	1,490,297	2,162,180	27,539	26,456	1,517,836	2,188,636
General Revenues						
Property Taxes, Levied for:						
General Purposes	13,281,213	12,770,397			13,281,213	12,770,397
Debt Service	518,968	888,093			518,968	888,093
Restricted State Aid - Debt Service	124,008	144,668			124,008	144,668
Interest	35,066	31,872	522	596	35,588	32,468
Miscellaneous	31,106	53,490	-	-	31,106	53,490
Total Revenues	15,559,694	16,173,681	268,046	262,970	15,827,740	16,436,651
Expenses						
Instruction						
Regular	6,035,330	6,291,655			6,035,330	6,291,655
Special Education	1,323,709	1,426,920			1,323,709	1,426,920
Other Instruction	441,108	370,459			441,108	370,459
School Sponsored Activities and Ath.	121,850	114,148			121,850	114,148
Support Services						
Student and Instruction Related Serv.	2,003,115	2,062,727			2,003,115	2,062,727
Health Services	193,471	191,585			193,471	191,585
Attendance and Social Work	30,553	30,401			30,553	30,401
Educational Media/School Library	195,724	197,452			195,724	197,452
General Administrative Services	524,697	503,373			524,697	503,373
School Administrative Services	651,853	669,644			651,853	669,644
Plant Operations and Maintenance	1,668,631	1,565,254			1,668,631	1,565,254
Pupil Transportation	88,786	177,097			88,786	177,097
Central Services	378,393	413,062			378,393	413,062
Interest on Long-Term Debt	295,439	329,704			295,439	329,704
Food Services			220,264	233,552	220,264	233,552
Summer Music - Non Major	-	-	38,002	49,881	38,002	49,881
Total Expenses	13,952,659	14,343,481	258,266	283,433	14,210,925	14,626,914
Change in Net Assets	1,607,035	1,830,200	9,780	(20,463)	1,616,815	1,809,737
Net Assets, Beginning of Year	7,287,736	5,457,536	91,828	112,291	7,379,564	5,569,827
Net Assets, End of Year	\$ 8,894,771	\$ 7,287,736	\$ 101,608	\$ 91,828	\$ 8,996,379	\$ 7,379,564

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Governmental activities. The District's total governmental revenues were \$15,559,694. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$13,990,361 or 90% of total revenues. Funding from state and federal sources amounted to \$1,490,297 or 9.5%. Charges for services amounted to \$79,036 or .5% (see Table A-2).

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$7,921,997 (57%), student support services totaled \$5,735,223 (41%) and interest on long-term debt total \$295,439 (2%) of total expenditures. (See Table A-2.)

Table A-2 Revenues by Source- Governmental Activities
For Fiscal Year 2011

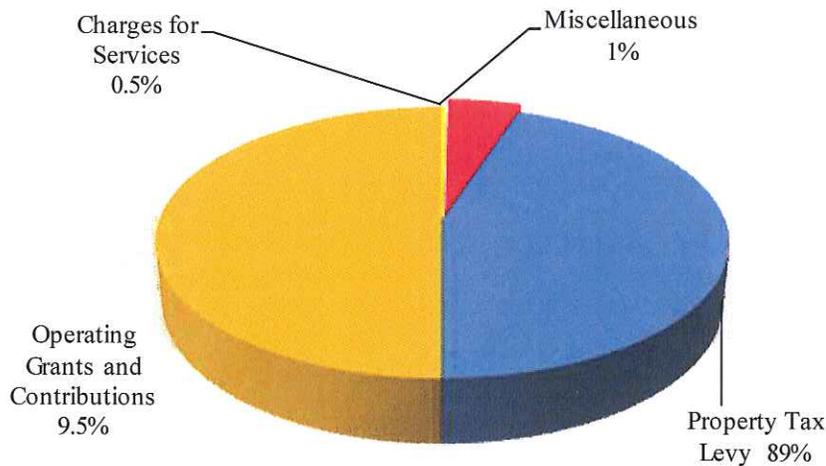
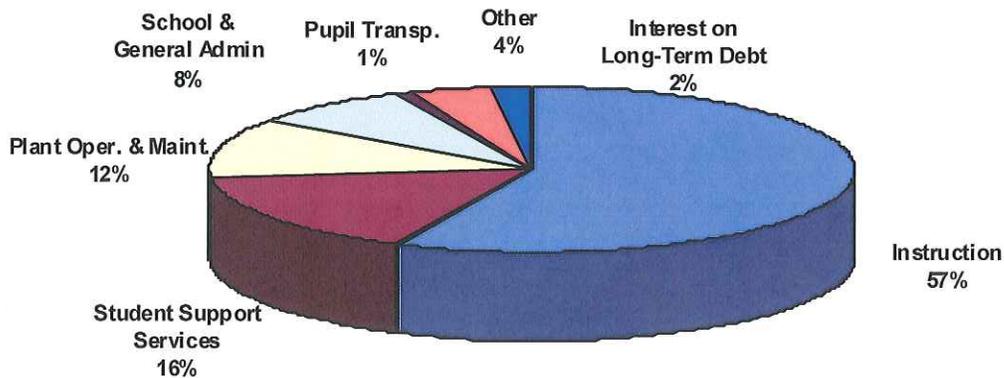


Table A-2 Expenditures by Type- Governmental Activities
For Fiscal Year 2011



**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

**Table A-3
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2011 and 2010**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Governmental Activities				
Instruction				
Regular	\$ 6,035,330	\$ 6,291,655	\$ 5,537,110	\$ 5,757,403
Special Education	1,323,709	1,426,920	651,712	235,800
Other Instruction	441,108	370,459	407,583	342,364
School Sponsored Activities and Athletics	121,850	114,148	114,260	106,893
Support Services				
Student and Instruction Related Services	2,003,115	2,062,727	1,839,354	1,864,688
Health Services	193,471	191,585	179,206	177,368
Attendance and Social Work	30,553	30,401	28,116	27,958
Educational Media/School Library	195,724	197,452	182,672	184,054
General Administrative Services	524,697	503,373	502,789	476,599
School Administrative Services	651,853	669,644	603,003	619,431
Plant Operations and Maintenance	1,668,631	1,565,254	1,603,271	1,392,851
Pupil Transportation	88,786	177,097	85,850	154,417
Central Services	378,393	413,062	352,961	388,790
Interest on Long-Term Debt	295,439	329,704	295,439	329,704
Total Governmental Activities	<u>\$ 13,952,659</u>	<u>\$ 14,343,481</u>	<u>\$ 12,383,326</u>	<u>\$ 12,058,320</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2011 was \$258,266. These costs were funded by operating grants and charges for services and investment earnings (Detailed on Table A-2). The operations resulted in an increase in net assets of \$9,780.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$5,710,828. In 2009-2010 the fund balance was \$4,571,559.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$15,559,694 and expenditures were \$14,656,097.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2011 and 2010.

	<u>Year Ended June 30, 2011</u>	<u>Year Ended June 30, 2010</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 13,945,948	\$ 13,872,370	\$ 73,578	0.5%
State Sources	1,341,068	1,997,345	(656,277)	-32.9%
Federal Sources	<u>272,678</u>	<u>303,966</u>	<u>(31,288)</u>	-10.3%
 Total Revenues	 <u>\$ 15,559,694</u>	 <u>\$ 16,173,681</u>	 <u>\$ (613,987)</u>	 -3.8%

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2011 and 2010.

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 7,692,485	\$ 7,933,274	\$ (240,789)	(3.9)%
Undistributed	5,579,791	5,639,166	(59,375)	(0.1)%
Capital Outlay	145,559	280,379	(134,820)	(59.0)%
Debt Service	<u>1,238,262</u>	<u>1,032,760</u>	<u>205,502</u>	<u>(0.9)%</u>
 Total Expenditures	 <u>\$ 14,656,097</u>	 <u>\$ 14,885,579</u>	 <u>\$ (229,482)</u>	 <u>(4.7)%</u>

The significant fluctuation between June 30, 2010 and June 30, 2011 expenditures is attributable to the decrease in instructional expenditures.

General and Special Revenue Fund

Budgetary Highlights

The District's budget is prepared according to New Jersey law and is based on generally accepted accounting principles on the basis of cash receipts, disbursement and encumbrances. The primary funds are the General Fund and Special Revenue Fund (grants and restricted aid).

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize additional tuition revenues that were not anticipated and to prevent overexpenditures in specific line item accounts. Several of these revisions bear notation.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Property, liability, and medical insurances were renewed at higher rates. While adequately budgeted for, it should be noted that this represents a national trend in all major areas of the insurance industry.
- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Capital Assets. The Allendale Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2011 amounts to \$11,207,197 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements, machinery and equipment and construction in progress.

**Table A-4
Capital Assets (net of depreciation)
at June 30, 2011 and 2010**

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Building & Bldg. Improvements	\$ 15,884,265	\$ 15,818,467			\$ 15,884,265	\$ 15,818,467
Furniture, Equipment & Vehicles	<u>1,287,570</u>	<u>1,207,809</u>	\$ 117,979	\$ 77,992	<u>1,405,549</u>	<u>1,285,801</u>
Total	17,171,835	17,026,276	117,979	77,992	17,289,814	17,104,268
Less: Accumulated Depreciation	<u>6,026,198</u>	<u>5,613,998</u>	<u>56,419</u>	<u>50,943</u>	<u>6,082,617</u>	<u>5,664,941</u>
Total	<u>\$ 11,145,637</u>	<u>\$ 11,412,278</u>	<u>\$ 61,560</u>	<u>\$ 27,049</u>	<u>\$ 11,207,197</u>	<u>\$ 11,439,327</u>

Additional information on Allendale Board of Education's capital assets can be found in Note 3 of this report.

Debt Administration. As of June 30, 2011 the school district had long-term debt and outstanding long-term liabilities in the amount of \$7,990,792 as stated in Table A-5.

Long-Term Liabilities

**Table A-5
Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Serial Bonds	\$ 7,859,000	\$ 8,486,000
Compensated Absences Payable	<u>131,792</u>	<u>170,240</u>
Total	<u>\$ 7,990,792</u>	<u>\$ 8,656,240</u>

Additional information on Allendale Board of Education's long-term debt can be found in Note 3.

**ALLENDALE BOARD OF EDUCATION
ALLENDALE, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

FOR THE FUTURE

Currently, the District is in superior financial condition. Everyone associated with the Allendale School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of flat state aid support, means an ever-increasing reliance on local property taxes.

These factors were considered in preparing the Allendale Public School District's budgets for the 2011-2012 fiscal year.

- Estimated Student Enrollment
- Sources of Revenue
- Costs of Negotiated Salaries and Benefits
- Cost of Fixed Charges
- Mandated Programs
- Requirements for Health and Safety Issues

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Allendale Public School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Ruthann Quinn
Interim School Business Administrator/Board Secretary
Allendale Board of Education
100 Brookside Avenue
Allendale, NJ 07404

BASIC FINANCIAL STATEMENTS

**ALLENDALE BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 5,761,212	\$ 76,609	\$ 5,837,821
Receivables, Net	156,254	1,647	157,901
Inventory		2,535	2,535
Due From Other Funds	411		411
Internal Balance	1,836	(1,836)	-
Deferred Charges	96,032		96,032
Capital Assets, Being Depreciated, Net	<u>11,145,637</u>	<u>61,560</u>	<u>11,207,197</u>
Total Assets	<u>17,161,382</u>	<u>140,515</u>	<u>17,301,897</u>
 LIABILITIES			
Accounts Payable	90,706	14,257	104,963
Unearned Revenue	118,179	24,650	142,829
Accrued Interest Payable	82,208		82,208
Noncurrent Liabilities			
Due Within One Year	719,000		719,000
Due Beyond One Year	<u>7,256,518</u>	<u>-</u>	<u>7,256,518</u>
Total Liabilities	<u>8,266,611</u>	<u>38,907</u>	<u>8,305,518</u>
 NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,271,315	61,560	4,332,875
Restricted for			
Capital Projects	2,712,347		2,712,347
Debt Service	31,572		31,572
Facility Maintenance	836,500		836,500
Unrestricted	<u>1,043,037</u>	<u>40,048</u>	<u>1,083,085</u>
Total Net Assets	<u>\$ 8,894,771</u>	<u>\$ 101,608</u>	<u>\$ 8,996,379</u>

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

ALLENDALE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,035,330	\$ 79,036	\$ 419,184		\$ (5,537,110)		\$ (5,537,110)
Special Education	1,323,709		671,997		(651,712)		(651,712)
Other Instruction	441,108		33,525		(407,583)		(407,583)
School Sponsored Activities and Athletics	121,850		7,590		(114,260)		(114,260)
Support Services							
Student and Instruction Related Services	2,003,115		163,761		(1,839,354)		(1,839,354)
Health Services	193,471		14,265		(179,206)		(179,206)
Attendance and Social Workers	30,553		2,437		(28,116)		(28,116)
Educational Media	195,724		13,052		(182,672)		(182,672)
General Administrative Services	524,697		21,908		(502,789)		(502,789)
School Administrative Services	651,853		48,850		(603,003)		(603,003)
Plant Operations and Maintenance	1,668,631		65,360		(1,603,271)		(1,603,271)
Pupil Transportation	88,786		2,936		(85,850)		(85,850)
Central Services	378,393		25,432		(352,961)		(352,961)
Interest on Debt	295,439		-		(295,439)		(295,439)
Total Governmental Activities	13,952,659	79,036	1,490,297	-	(12,383,326)	-	(12,383,326)
Business-Type Activities							
Food Service	220,264	199,110	27,539	-	-	\$ 6,385	6,385
Summer Music - Non-Major	38,002	40,875	-	-	-	2,873	2,873
Total Business-Type Activities	258,266	239,985	27,539	-	-	9,258	9,258
Total Primary Government	\$ 14,210,925	\$ 319,021	\$ 1,517,836	\$ -	(12,383,326)	9,258	(12,374,068)
General Revenues							
Property Taxes, Levied for General Purposes					13,281,213		13,281,213
Taxes Levied for Debt Service					518,968		518,968
State Aid Restricted for Debt Service					124,008		124,008
Interest Earned					35,066	522	35,588
Miscellaneous Income					31,106	-	31,106
Total General Revenues					13,990,361	522	13,990,883
Change in Net Assets					1,607,035	9,780	1,616,815
Net Assets, Beginning of Year					7,287,736	91,828	7,379,564
Net Assets, End of Year					\$ 8,894,771	\$ 101,608	\$ 8,996,379

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

FUND FINANCIAL STATEMENTS

ALLENDALE BOARD OF EDUCATION
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 AS OF 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>
ASSETS					
Cash and Cash Equivalents	\$ 5,488,268		\$ 241,619	\$ 31,325	\$ 5,761,212
Due from Other Funds	8,910			247	9,157
Receivables from Other Governments	<u>21,376</u>	<u>\$ 134,878</u>	<u>-</u>	<u>-</u>	<u>156,254</u>
Total Assets	<u>\$ 5,518,554</u>	<u>\$ 134,878</u>	<u>\$ 241,619</u>	<u>\$ 31,572</u>	<u>\$ 5,926,623</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 80,670	\$ 10,036			\$ 90,706
Due to Other Funds		6,663	\$ 247		6,910
Deferred Revenue	<u>-</u>	<u>118,179</u>	<u>-</u>	<u>-</u>	<u>118,179</u>
Total Liabilities	<u>80,670</u>	<u>134,878</u>	<u>247</u>	<u>-</u>	<u>215,795</u>
Fund Balance					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures	236,415				236,415
Excess Surplus	510,099				510,099
Maintenance Reserve	570,000				570,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	266,500				266,500
Capital Reserve	2,073,052				2,073,052
Capital Reserve - Designated for Subsequent Year's Expenditures	639,295				639,295
Emergency Reserve	130,000				130,000
Capital Projects			241,372		241,372
Debt Service				\$ 31,572	31,572
Committed:					
Year-end Encumbrances	290,376				290,376
Assigned:					
Year-end Encumbrances	198,794				198,794
Designated for Subsequent Year's Expenditures	273,353				273,353
Unassigned	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Total Fund Balances	<u>5,437,884</u>	<u>-</u>	<u>241,372</u>	<u>31,572</u>	<u>5,710,828</u>
Total Liabilities and Fund Balances	<u>\$ 5,518,554</u>	<u>\$ 134,878</u>	<u>\$ 241,619</u>	<u>\$ 31,572</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,171,835 and the accumulated depreciation is \$6,026,198. 11,145,637

The District has financed capital assets through the issuance of Serial Bonds. The interest accrual at year end is: (82,208)

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. Long-term liabilities at year end consist of the following:

General Obligation Bonds Payable (Net)	\$ 7,843,726	
Cost of Issuance	(96,032)	
Compensated Absences Payable	<u>131,792</u>	
		<u>(7,879,486)</u>

Net assets of governmental activities (Exhibit A-1) \$ 8,894,771

**ALLENDALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED 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>
REVENUES					
Local Sources					
Property Tax Levy	\$ 13,281,213			\$ 518,968	\$ 13,800,181
Tuition Charges	79,036				79,036
Interest Earned	34,819		\$ 247		35,066
Miscellaneous	31,106	\$ 559	-	-	31,665
Total - Local Sources	13,426,174	559	247	518,968	13,945,948
State Sources	1,217,060			124,008	1,341,068
Federal Sources	-	272,678	-	-	272,678
Total Revenues	14,643,234	273,237	247	642,976	15,559,694
EXPENDITURES					
Instruction					
Regular	5,829,303				5,829,303
Special Education	1,111,991	204,304			1,316,295
Other Instruction	428,375				428,375
School Sponsored Activities and Athletics	118,512				118,512
Support Services					
Student and Instruction Related Services	1,907,356	39,844			1,947,200
Health Services	185,658				185,658
Attendance and Social Work	30,667				30,667
Educational Media/School Library	189,514				189,514
General Administrative Services	503,131				503,131
School Administrative Services	628,578				628,578
Plant Operations and Maintenance	1,639,030				1,639,030
Pupil Transportation	88,786				88,786
Central Services	367,227				367,227
Debt Service					
Principal				717,000	717,000
Interest and Other Charges				285,590	285,590
Cost of Issuance				72,574	72,574
Advance Refunding Escrow				163,098	163,098
Capital Outlay	116,470	29,089	-	-	145,559
Total Expenditures	13,144,598	273,237	-	1,238,262	14,656,097
Excess (Deficiency) of Revenues Over Expenditures	1,498,636	-	247	(595,286)	903,597
OTHER FINANCING SOURCES (USES)					
Refunding Bond Proceeds				2,690,000	2,690,000
Premium on Refunding Bonds				145,672	145,672
Payment to Refunded Bond Escrow Agent				(2,600,000)	(2,600,000)
Transfers In				247	247
Transfers Out	-	-	(247)	-	(247)
Total Other Financing Sources and Uses	-	-	(247)	235,919	235,672
Net Change in Fund Balances	1,498,636	-	-	(359,367)	1,139,269
Fund Balance, Beginning of Year	3,939,248	-	241,372	390,939	4,571,559
Fund Balance, End of Year	\$ 5,437,884	\$ -	\$ 241,372	\$ 31,572	\$ 5,710,828

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

**ALLENDALE BOARD OF EDUCATION
ILLUSTRATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,139,269

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 145,559	
Depreciation Expense	<u>(412,200)</u>	(266,641)

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Compensated Absences		38,448
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Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

717,000

The issuance of refunding bonds provides current financial resources to the governmental funds, while the repayment of the refunded bonds uses those current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Refunding Bond Proceeds	(2,690,000)	
Premium on Refunding Bonds	(145,672)	
Payments to Escrow Agent for Refunding	2,763,098	
Cost of Issuance	72,574	
Amortization of Bond Premium	17,989	
Amortization of Deferred Amounts on Refunding	(20,141)	
Amortization of Cost of Issuance	<u>(8,962)</u>	(11,114)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details are as follows:

Increase in Accrued Interest	(7,697)	
Amortization of Deferred Charge on Issuance Costs	<u>(2,230)</u>	(9,927)

Change in net assets of governmental activities (Exhibit A-2) \$ 1,607,035

**ALLENDALE BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	Business - Type Activities - Enterprise Fund Major Program <u>Food Service</u>	Business - Type Activities - Enterprise Fund Non-Major Program <u>Summer Music</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 47,730	\$ 28,879	\$ 76,609
Intergovernmental Receivable			
State	172		172
Federal	1,475		1,475
Inventories	<u>2,535</u>	<u>-</u>	<u>2,535</u>
 Total Current Assets	 <u>51,912</u>	 <u>28,879</u>	 <u>80,791</u>
 Capital Assets			
Furniture, Machinery & Equipment	117,979		117,979
Less: Accumulated Depreciation	<u>(56,419)</u>	<u>-</u>	<u>(56,419)</u>
 Total Capital Assets, Net	 <u>61,560</u>	 <u>-</u>	 <u>61,560</u>
 Total Assets	 <u>113,472</u>	 <u>28,879</u>	 <u>142,351</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	14,257		14,257
Due to Other Funds		1,836	1,836
Unearned Revenue	<u>-</u>	<u>24,650</u>	<u>24,650</u>
 Total Current Liabilities	 <u>14,257</u>	 <u>26,486</u>	 <u>40,743</u>
NET ASSETS			
Invested in Capital Assets	61,560		61,560
Unrestricted	<u>37,655</u>	<u>2,393</u>	<u>40,048</u>
 Total Net Assets	 <u>\$ 99,215</u>	 <u>\$ 2,393</u>	 <u>\$ 101,608</u>

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

**ALLENDALE BOARD OF EDUCATION
 PROPRIETARY FUND
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business - Type Activities - Enterprise Fund Major Program <u>Food Service</u>	Business - Type Activities - Enterprise Fund Non-Major Program <u>Summer Music</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services			
Program Fees		\$ 40,875	\$ 40,875
Daily Sales - Reimbursable Programs	\$ 198,742		198,742
Special Functions	368	-	368
Total Operating Revenues	<u>199,110</u>	<u>40,875</u>	<u>239,985</u>
OPERATING EXPENSES			
Cost of Sales	98,397		98,397
Salaries	64,656	33,101	97,757
Employee Benefits	27,346	2,532	29,878
Purchased Services	13,377	1,568	14,945
General Supplies	11,012	801	11,813
Depreciation	5,476	-	5,476
Total Operating Expenses	<u>220,264</u>	<u>38,002</u>	<u>258,266</u>
Operating Income/(Loss)	<u>(21,154)</u>	<u>2,873</u>	<u>(18,281)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	1,998		1,998
Federal Sources			
National School Lunch Program	16,676		16,676
Special Milk Program	1,774		1,774
USDA Commodities	7,091		7,091
Interest and Investment Revenue	471	51	522
Total Nonoperating Revenues	<u>28,010</u>	<u>51</u>	<u>28,061</u>
Change in Net Assets	6,856	2,924	9,780
Net Assets (Deficit), Beginning of Year	<u>92,359</u>	<u>(531)</u>	<u>91,828</u>
Net Assets, End of Year	<u>\$ 99,215</u>	<u>\$ 2,393</u>	<u>\$ 101,608</u>

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

**ALLENDALE BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business - Type Activities - Enterprise Fund Major Program <u>Food Service</u>	Business - Type Activities - Enterprise Fund Non-Major Program <u>Summer Music</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 209,996	\$ 65,055	\$ 275,051
Cash Payments for Employees' Salaries and Benefits	(92,002)	(35,633)	(127,635)
Cash Payments to Suppliers for Goods and Services	(101,585)	(2,369)	(103,954)
Net Cash Provided by Operating Activities	<u>16,409</u>	<u>27,053</u>	<u>43,462</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	<u>20,341</u>	<u>-</u>	<u>20,341</u>
Net Cash Provided by Noncapital Financing Activities	<u>20,341</u>	<u>-</u>	<u>20,341</u>
Cash Flows from Capital Financing Activities			
Purchase of Capital Assets	<u>(39,987)</u>	<u>-</u>	<u>(39,987)</u>
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>(39,987)</u>	<u>-</u>	<u>(39,987)</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>471</u>	<u>51</u>	<u>522</u>
Net Cash Provided by Investing Activities	<u>471</u>	<u>51</u>	<u>522</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,766)	27,104	24,338
Cash and Cash Equivalents, Beginning of Year	<u>50,496</u>	<u>1,775</u>	<u>52,271</u>
Cash and Cash Equivalents, End of Year	<u>\$ 47,730</u>	<u>\$ 28,879</u>	<u>\$ 76,609</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities			
Operating Income (Loss)	<u>\$ (21,154)</u>	<u>\$ 2,873</u>	<u>\$ (18,281)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities			
Depreciation	5,476		5,476
USDA Commodities - Non-Cash Assistance	7,091		7,091
Changes in Assets and Liabilities			
(Increase)/Decrease in Inventory	(105)		(105)
(Increase)/Decrease in Other Accounts Receivables	10,886		10,886
Increase/(Decrease) in Accounts Payable	14,215		14,215
Increase/(Decrease) in Deferred Revenue	<u>-</u>	<u>24,180</u>	<u>24,180</u>
Total Adjustments	<u>37,563</u>	<u>24,180</u>	<u>61,743</u>
Net Cash Used by Operating Activities	<u>\$ 16,409</u>	<u>\$ 27,053</u>	<u>\$ 43,462</u>
Non-Cash Financing Activities			
Food Distribution Program Commodities Received	<u>\$ 7,091</u>	<u>\$ -</u>	<u>\$ 7,091</u>

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

**ALLENDALE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011**

	Unemployment Compensation <u>Trust</u>	Scholarship <u>Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 252,755	\$ 774	\$ 32,144
Due from Other Funds	<u>9,882</u>	<u>-</u>	<u>-</u>
Total Assets	<u>262,637</u>	<u>774</u>	<u>\$ 32,144</u>
LIABILITIES			
Due to Other Funds			\$ 10,293
Due to Student Groups			15,160
Due to State of New Jersey	19,343		
Accrued Salaries and Wages			227
Payroll Deductions and Withholdings	<u>-</u>	<u>-</u>	<u>6,464</u>
Total Liabilities	<u>19,343</u>	<u>-</u>	<u>\$ 32,144</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 243,294</u>	<u>\$ 774</u>	

**ALLENDALE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Unemployment Compensation <u>Trust</u>	Scholarship <u>Fund</u>
ADDITIONS		
Contributions		
Plan Member	\$ 22,907	
District Contribution	<u>46,766</u>	<u>-</u>
Total Contributions	<u>69,673</u>	<u>-</u>
Investment Earnings		
Interest	<u>2,155</u>	<u>\$ 2</u>
Net Investment Earnings	<u>2,155</u>	<u>2</u>
Total Additions	<u>71,828</u>	<u>2</u>
DEDUCTIONS		
Quarterly Contribution Reports	83,339	
Scholarships Awarded	<u>-</u>	<u>86</u>
Total Deductions	<u>83,339</u>	<u>86</u>
Change in Net Assets	(11,511)	(84)
Net Assets, Beginning of Year	<u>254,805</u>	<u>858</u>
Net Assets, End of Year	<u>\$ 243,294</u>	<u>\$ 774</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *summer music program* accounts for the activities of the District's summer music program which provides a music program to the students of Allendale Public Schools.

Additionally, the government reports the following fund type:

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

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

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

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

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

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

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

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education due to a separate agreement between Region I Schools.

Tuition Expenditures - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education due to a separate agreement between Region I Schools.

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

3. Inventories

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

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

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	7-50
Furniture, Equipment and Vehicles	5-20
Computer Equipment	5

5. *Compensated Absences*

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

6. *Long-term obligations*

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

ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Long-term obligations* (Continued)

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

7. *Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that was appropriated in the 2011/2012 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

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

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

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Fund Equity (Continued)*

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustees for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

Unassigned Fund Balance – Represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$479,574. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Beginning Balance, July 1, 2010		\$ 1,905,692
Increases		
Interest Earnings	\$ 1,258	
Deposits Approved by Board Resolution	<u>900,000</u>	
		<u>901,258</u>
		2,806,950
Withdrawals		
Approved by Voters in District Budget (net)		<u>94,603</u>
Ending Balance, June 30, 2011		<u>\$ 2,712,347</u>

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects is \$3,623,847. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$746,514. Of this amount, \$236,415 was designated and appropriated in the 2011/2012 original budget certified for taxes and the remaining amount of \$510,099 will be appropriated in the 2012/2013 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$6,123,494 and bank balances of the Board's cash and deposits amounted to \$6,613,541. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>4,484,404</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments

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

As of June 30, 2011, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities	
New Jersey ARM (Cash Equivalent)	\$ <u>2,129,137</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

The fair value of the above-listed investment was based on quoted market prices.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices; however, the District’s investments are not exposed to credit risk.

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

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2011 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Special Revenue Fund	Food Service Fund	Total
Receivables:				
Accounts - Other			\$ 1,647	\$ 1,647
Intergovernmental	\$ 21,376	\$ 134,878	-	156,254
Gross Receivables	21,376	134,878	1,647	157,901
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 21,376</u>	<u>\$ 134,878</u>	<u>\$ 1,647</u>	<u>\$ 157,901</u>

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	<u>\$118,179</u>

C. Capital Assets

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

	Balance, July 1, 2010	Increases	Decreases	Balance, June 30, 2011
Governmental activities:				
Capital assets, being depreciated:				
Buildings and Improvements	\$ 15,818,467	\$ 65,798		\$ 15,884,265
Machinery and Equipment	1,207,809	79,761	-	1,287,570
Total capital assets being depreciated	<u>17,026,276</u>	<u>145,559</u>	-	<u>17,171,835</u>
Less accumulated depreciation for:				
Buildings and Improvements	(4,972,915)	(330,799)		(5,303,714)
Furniture, Equipment and Vehicles	(641,083)	(81,401)	-	(722,484)
Total accumulated depreciation	<u>(5,613,998)</u>	<u>(412,200)</u>	-	<u>(6,026,198)</u>
Total capital assets, being depreciated, net	<u>11,412,278</u>	<u>(266,641)</u>	-	<u>11,145,637</u>
Government activities capital assets, net	<u>\$ 11,412,278</u>	<u>\$ (266,641)</u>	<u>\$ -</u>	<u>\$ 11,145,637</u>

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Business-type activities:

Capital assets, being depreciated:

Machinery and equipment	<u>\$ 77,992</u>	<u>\$ 39,987</u>	<u>-</u>	<u>\$ 117,979</u>
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Total capital assets being depreciated	<u>77,992</u>	<u>39,987</u>	<u>-</u>	<u>117,979</u>
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Less accumulated depreciation for:

Machinery and equipment	<u>(50,943)</u>	<u>(5,476)</u>	<u>-</u>	<u>(56,419)</u>
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Total accumulated depreciation	<u>(50,943)</u>	<u>(5,476)</u>	<u>-</u>	<u>(56,419)</u>
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Total capital assets, being depreciated, net	<u>27,049</u>	<u>34,511</u>	<u>-</u>	<u>61,560</u>
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Business-type activities capital assets, net	<u>\$ 27,049</u>	<u>\$ 34,511</u>	<u>\$ -</u>	<u>\$ 61,560</u>
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**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental activities:

Instruction

Regular	\$ 209,741
Special	26,902
Other Instruction	16,775
School-Sponsored/Other Instructional	<u>3,798</u>

Total Instruction	<u>257,216</u>
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Support Services

Student and Instruction Related Services	63,222
Health Services	7,137
Education Media/School Library	6,530
General Administration	10,962
School Administration	24,443
Operations and Maintenance of Plant	29,965
Central Services	<u>12,725</u>

Total Support Services	<u>154,984</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 412,200</u>
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Business-type activities:

Food Service Fund	<u>\$ 5,476</u>
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**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency	\$ 411
General Fund	Special Revenue	6,663
General Fund	Summer Music Program	1,836
Debt Service Fund	Capital Projects	247
Unemployment Trust Fund	Payroll Agency	<u>9,882</u>
 Total		 <u>\$ 19,039</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

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

Interfund transfers

	<u>Transfer In:</u>	
	<u>Debt Service</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	<u>\$ 247</u>	<u>\$ 247</u>
	 <u>\$ 247</u>	 <u>\$ 247</u>

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

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Operating Leases

The District leases computers, copiers and related equipment under noncancelable operating leases. Lease payments for the year ended June 30, 2011 were \$42,345. The future minimum lease payments for these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2012	\$ 42,909
2013	28,128
2014	28,128
2015	<u>18,752</u>
Total	<u>\$ 117,917</u>

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2011 are comprised of the following issues:

\$6,420,000, 2001 Bonds, due in annual installment of \$450,000 through September 16, 2011, interest at 4.10%	\$450,000
\$924,000, 2003 Bonds, due in annual installments of \$44,000 to \$73,000 through March 15, 2022, interest at 4.70% to 5.35%	632,000
\$4,977,000, 2006 Bonds, due in annual installments of \$200,000 to \$362,000 through March 15, 2026, interest at 3.75% to 4.00%	4,117,000
\$2,690,000, 2010 Refunding Bonds, due in annual Installments of \$25,000 to \$550,000 through September 15, 2017, interest at 2.00% to 4.00%	<u>2,660,000</u>
	<u>\$7,859,000</u>

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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

Governmental Activities:

Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 719,000	\$ 283,710	\$ 1,002,710
2013	757,000	259,300	1,016,300
2014	784,000	235,971	1,019,971
2015	812,000	209,472	1,021,472
2016	844,000	181,886	1,025,886
2017-2021	2,208,000	579,848	2,787,848
2022-2026	<u>1,735,000</u>	<u>208,902</u>	<u>1,943,902</u>
	<u>\$ 7,859,000</u>	<u>\$ 1,959,089</u>	<u>\$ 9,818,089</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 54,345,472
Less: Net Debt	<u>7,227,000</u>
Remaining Borrowing Power	<u>\$ 47,118,472</u>

Advance and Current Refundings of Debt

On July 13, 2010, the District issued \$2,690,000 in School District Refunding Bonds having an interest rate of 2.00% to 4.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various School District Bonds of the District. The total bond principal defeased was \$2,600,000 and the total interest payments defeased was \$529,650. The net proceeds of \$2,763,098 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$163,098. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued, which is the same as the life of the refunded debt.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in long-term liabilities

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

	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2011</u>	<u>Due Within One Year</u>
Governmental activities:					
Serial Bonds	\$ 8,486,000	\$ 2,690,000	\$ 3,317,000	\$ 7,859,000	\$ 719,000
Deferred Amounts					
Add: Original issue Premium		145,672	17,989	127,683	
Less: Refunding Escrow	-	(163,098)	(20,141)	(142,957)	-
	<u>8,486,000</u>	<u>2,672,574</u>	<u>3,314,848</u>	<u>7,843,726</u>	<u>719,000</u>
Total Bonds Payable	8,486,000	2,672,574	3,314,848	7,843,726	719,000
Compensated Absences Payable	<u>170,240</u>	<u>7,174</u>	<u>45,622</u>	<u>131,792</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 8,656,240</u>	<u>\$ 2,679,748</u>	<u>\$ 3,360,470</u>	<u>\$ 7,975,518</u>	<u>\$ 719,000</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 46,766	\$ 22,907	\$ 83,339	\$ 243,294
2010	345,000	3,252	100,066	254,805
2009	15,000	12,536	70,822	6,094

B. Contingent Liabilities

Pending Litigation

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. A due process petition was filed by the parents of a minor child seeking an out of district placement, clinical services and home programming. An administrative law judge issued a decision dismissing the due process petition in its entirety and finding that the Board had provided a free and appropriate public education to the individual. The parents have filed an appeal to the Federal District Court however the Board is vigorously contesting this case. In the event of an unfavorable outcome it is estimated the damages will be approximately \$188,000 which is committed.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District had no estimated arbitrage earnings due to the IRS.

F. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

F. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

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

Basis of Accounting

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

Investment Valuation

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

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

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, and employer contributions to the retirement system.

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. 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 1/7th of the required amount, beginning in Fiscal Year 2012.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

F. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation (Continued)

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 all the State administered retirement systems including TPAF and PERS, 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 Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

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

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

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

F. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2011	\$ 156,994	\$ 18,269	\$ 3,049
2010	151,034	20,472	
2009	119,673	19,115	

During the last three fiscal years the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$18,269, \$20,472 and \$19,115 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$417,509 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, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

G. Post-Retirement Medical Benefits

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

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

G. Post-Retirement Medical Benefits (Continued)

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

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

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

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

Basis of Accounting

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

Significant Legislation

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

G. Post-Retirement Medical Benefits (Continued)

Investment Valuation

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

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 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 and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

G. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$388,036, \$384,493 and \$364,665, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE 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>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 13,281,213		\$ 13,281,213	\$ 13,281,213	
Tuition	46,916		46,916	79,036	\$ 32,120
Interest Earned	31,700		31,700	34,819	3,119
Miscellaneous	15,700	-	15,700	31,106	15,406
Total Local Sources	<u>13,375,529</u>	<u>-</u>	<u>13,375,529</u>	<u>13,426,174</u>	<u>50,645</u>
State Sources					
Extraordinary Aid				410,497	410,497
On-behalf TPAF Pension Payments - NCGI Premium (Non-Budget)				18,269	18,269
On-behalf TPAF Pension Payments - Post Retirement Medical Contribution (Non-Budget)				388,036	388,036
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	417,509	417,509
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,234,311</u>	<u>1,234,311</u>
Total Revenues	<u>13,375,529</u>	<u>-</u>	<u>13,375,529</u>	<u>14,660,485</u>	<u>1,284,956</u>
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	176,815	\$ 500	177,315	176,894	421
Grades 1-5	2,069,547	(30,896)	2,038,651	1,912,611	126,040
Grades 6-8	1,837,116	(7,220)	1,829,896	1,782,081	47,815
Regular Programs - Home Instruction					
Salaries of Teachers	11,000	1,500	12,500	1,860	10,640
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	15,500		15,500		15,500
Purchased Technical Services	153,652	(7,400)	146,252	110,576	35,676
Other Purchased Services	96,038	58,728	154,766	143,725	11,041
General Supplies	307,785	25,143	332,928	273,270	59,658
Textbooks	1,960	1,400	3,360	1,526	1,834
Other Objects	-	225	225	225	-
Total Regular Programs	<u>4,669,413</u>	<u>41,980</u>	<u>4,711,393</u>	<u>4,402,768</u>	<u>308,625</u>
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	574,317	(149,509)	424,808	391,409	33,399
Other Salaries for Instruction	24,448	(1,200)	23,248		23,248
General Supplies	-	2,200	2,200	1,700	500
Total Resource Room/Resource Center	<u>598,765</u>	<u>(148,509)</u>	<u>450,256</u>	<u>393,109</u>	<u>57,147</u>

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Preschool Disabilities - Part-Time					
Salaries of Teachers	\$ 95,388	\$ 102	\$ 95,490	\$ 95,490	
Other Salaries for Instruction	26,500		26,500	9,922	\$ 16,578
General Supplies	500	-	500	494	6
Total Preschool Disabilities - Part-Time	122,388	102	122,490	105,906	16,584
Total Special Education	721,153	(148,407)	572,746	499,015	73,731
Basic Skills/Remedial					
Salaries of Teachers	222,142	63,426	285,568	281,243	4,325
General Supplies	7,027	-	7,027	4,035	2,992
Total Basic Skills/Remedial	229,169	63,426	292,595	285,278	7,317
Bilingual Education					
Salaries of Teachers	31,718		31,718	28,546	3,172
General Supplies	500	-	500	460	40
Total Bilingual Education	32,218	-	32,218	29,006	3,212
School Sponsored Co/Extra Cocurricular Activities					
Salaries	29,201	5,418	34,619	34,619	
Supplies and Materials	5,250	-	5,250	1,302	3,948
Total School Sponsored Co/Extra Cocurricular Activities	34,451	5,418	39,869	35,921	3,948
School Sponsored Athletics					
Salaries	43,972		43,972	35,515	8,457
Other Purchased Services	34,000	(8,452)	25,548	17,463	8,085
Supplies and Materials	11,669	2,869	14,538	4,249	10,289
Total School Sponsored Athletics	89,641	(5,583)	84,058	57,227	26,831
Total Instruction	5,776,045	(43,166)	5,732,879	5,309,215	423,664
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	52,806		52,806	31,369	21,437
Tuition to CSSD & Regional Day Schools	64,850	3,992	68,842	68,842	
Tuition to Priv. Sch. for the Disabled Within the State	283,002	(91,436)	191,566	167,314	24,252
Tuition to Priv. Sch. for the Disabled Outside of State	-	209,362	209,362	165,776	43,586
Total Undistributed Expenditures - Instruction	400,658	121,918	522,576	433,301	89,275
Attendance & Social Work					
Salaries	22,475	47	22,522	22,522	-
Total Attendance & Social Work	22,475	47	22,522	22,522	-

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE 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>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Health Services					
Salaries	\$ 132,127		\$ 132,127	\$ 131,811	\$ 316
Purchased Professional and Technical Svces.	100		100	50	50
Other Purchased Services	170		170	170	
Supplies and Materials	6,642	\$ 264	6,906	5,957	949
Total Health Services	139,039	264	139,303	137,988	1,315
Speech, OT,PT & Related Services					
Salaries	212,841	(80)	212,761	212,053	708
Purchased Professional Educational Services	100,500	(32,034)	68,466	6,970	61,496
Supplies and Materials	1,000	133	1,133	536	597
Total Speech, OT, PT & Related Services	314,341	(31,981)	282,360	219,559	62,801
Other Support Serv. Students - Extra Serv.					
Salaries	409,035	1,246	410,281	402,810	7,471
Purchased Professional Educational Services	153,000	1,248	154,248	107,960	46,288
Supplies and Materials	2,000	(1,500)	500	195	305
Total Other Support Serv. Students - Extra Serv.	564,035	994	565,029	510,965	54,064
Guidance					
Salaries of Other Professional Staff	166,833		166,833	166,833	
Purchased Professional-Educational Services	1,000		1,000	50	950
Other Purchased Prof. and Tech. Services	7,000	(2,850)	4,150	2,232	1,918
Supplies and Materials	500	850	1,350	800	550
Total Guidance	175,333	(2,000)	173,333	169,915	3,418
Child Study Teams					
Salaries of Other Professional Staff	178,470	7,128	185,598	185,590	8
Salaries of Secretarial and Clerical Assistants	50,722		50,722	50,722	
Other Purchased Professional and Tech. Services	153,977	27,500	181,477	158,516	22,961
Other Purchased Services	4,500		4,500	4,243	257
Supplies and Materials	4,000		4,000	3,984	16
Other Objects	1,000	-	1,000	964	36
Total Child Study Teams	392,669	34,628	427,297	404,019	23,278
Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	98,485	10,691	109,176	109,175	1
Salaries of Other Professional Staff	6,000	(1,111)	4,889	80	4,809
Salaries of Secretary & Clerk Assistance	17,665	117	17,782	17,782	
Purchased Professional - Educational Services	47,709	-	47,709	46,223	1,486
Total Improvement of Inst. Serv.	169,859	9,697	179,556	173,260	6,296

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE 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>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Educational Media Services/School Library					
Salaries	\$ 121,363	\$ 2,181	\$ 123,544	\$ 120,603	\$ 2,941
Purchased Professional and Technical Services	3,500		3,500		3,500
Other Purchased Services	18,800	(2,040)	16,760	9,134	7,626
Supplies and Materials	11,721	4,675	16,396	16,126	270
Other Objects	905	(150)	755	35	720
Total Educational Media Serv./School Library	<u>156,289</u>	<u>4,666</u>	<u>160,955</u>	<u>145,898</u>	<u>15,057</u>
Instructional Staff Training Services					
Purchased Professional/Educational Services	19,700	700	20,400	5,680	14,720
Other Purchased Services	4,000	-	4,000	2,254	1,746
Total Instructional Staff Training Services	<u>23,700</u>	<u>700</u>	<u>24,400</u>	<u>7,934</u>	<u>16,466</u>
Support Services General Administration					
Salaries	221,717	(4,422)	217,295	202,444	14,851
Legal Services	98,150	89,990	188,140	45,430	142,710
Audit Fees	46,000	(6,797)	39,203	21,197	18,006
Architectural/Engineering Services	35,600	76,120	111,720	67,907	43,813
Other Purchased Professional Services	11,750	12,099	23,849	22,720	1,129
Communications/Telephone	39,750	(2,888)	36,862	34,276	2,586
BOE Other Purchased Services	14,500	(13,000)	1,500	704	796
Other Purchased Services	18,835	(1,520)	17,315	17,170	145
Supplies and Materials	3,200		3,200	2,277	923
Miscellaneous Expenditures	4,500		4,500	3,422	1,078
BOE Membership Dues and Fees	13,030	-	13,030	12,371	659
Total Support Services General Administration	<u>507,032</u>	<u>149,582</u>	<u>656,614</u>	<u>429,918</u>	<u>226,696</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	275,030	4,127	279,157	279,155	2
Salaries of Secretarial and Clerical Assistants	190,975	(4,127)	186,848	172,246	14,602
Purchased Professional and Technical Services	1,400		1,400		1,400
Other Purchased Services	18,700	30,000	48,700	4,230	44,470
Supplies and Materials	7,500	(800)	6,700	4,858	1,842
Other Objects	4,580	800	5,380	4,841	539
Total Support Services School Administration	<u>498,185</u>	<u>30,000</u>	<u>528,185</u>	<u>465,330</u>	<u>62,855</u>
Support Services Central Services					
Salaries	212,797	24,290	237,087	235,005	2,082
Miscellaneous Purchased services	58,346	15,560	73,906	29,942	43,964
Supplies and Materials	5,200	9,000	14,200	11,761	2,439
Miscellaneous Expenditures	14,300	(2,000)	12,300	5,530	6,770
Total Support Services Central Services	<u>290,643</u>	<u>46,850</u>	<u>337,493</u>	<u>282,238</u>	<u>55,255</u>

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Custodial Services					
Salaries	\$ 524,000	\$ (2,000)	\$ 522,000	\$ 458,586	\$ 63,414
Purchased Professional and Technical Services	30,000	9,600	39,600	23,811	15,789
Cleaning, Repair and Maintenance Services	114,000	4,374	118,374	78,511	39,863
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	34,900		34,900		34,900
Other Purchased Property Services	47,300		47,300	29,753	17,547
Insurance	90,500	(672)	89,828	71,372	18,456
Miscellaneous Purchased Services	4,000	3,572	7,572	7,568	4
General Supplies	45,000	64,300	109,300	77,659	31,641
Energy (Natural Gas)	245,000	(45,000)	200,000	152,578	47,422
Energy (Electricity)	250,000	(15,000)	235,000	220,610	14,390
Other Objects	2,000	-	2,000	560	1,440
Total Custodial Services	1,386,700	19,174	1,405,874	1,121,008	284,866
Required Maintenance for School Facilities					
Salaries	98,952	41	98,993	94,802	4,191
Cleaning, Repair and Maintenance Services	211,204	80,208	291,412	161,647	129,765
General Supplies	117,100	(37,447)	79,653	61,440	18,213
Total Required Maintenance for School Fac.	427,256	42,802	470,058	317,889	152,169
Student Transportation Services					
Contracted Services (Other Than Between Home and School) - Vendors	22,050		22,050	2,430	19,620
Contracted Services - (Spl. Ed. Students) - Vendors	5,000		5,000		5,000
Contracted Services - (Spl. Ed. Students) - Joint Agreements	280,000	(35,000)	245,000	86,356	158,644
Total Student Transportation Services	307,050	(35,000)	272,050	88,786	183,264
Unallocated Benefits - Employee Benefits					
Social Security Contributions	196,935		196,935	169,651	27,284
Other Retirement Contributions - Regular	144,760	12,234	156,994	156,994	
Other Retirement Contributions - DCRP		3,500	3,500	3,049	451
Workmen's Compensation	102,000		102,000	65,146	36,854
Unemployment Compensation	60,000	(13,234)	46,766	46,766	
Health Benefits	1,697,197	(107,500)	1,589,697	1,478,301	111,396
Tuition Reimbursement	62,500		62,500	35,359	27,141
Other Employee Benefits	25,500	-	25,500	9,303	16,197
Total Unallocated Benefits - Employee Benefits	2,288,892	(105,000)	2,183,892	1,964,569	219,323
On-behalf TPAF Pension Payments - NCGI Premium (Non-Budget)				18,269	(18,269)
On-behalf TPAF Pension Payments - Post Retirement Medical Contribution (Non-Budget)				388,036	(388,036)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	417,509	(417,509)
Total Undistributed Expenditures	8,064,156	287,341	8,351,497	7,718,913	632,584
Total Expenditures - Current Expenditures	13,840,201	244,175	14,084,376	13,028,128	1,056,248

Continued

**ALLENDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE 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>
CAPITAL OUTLAY					
Undistributed Expenditures					
Instruction	\$ 69,075	\$ (17,590)	\$ 51,485	\$ 41,345	\$ 10,140
Operations and Maintenance	-	29,630	29,630		29,630
Equipment	-	29,450	29,450	29,450	-
Total Equipment	<u>69,075</u>	<u>41,490</u>	<u>110,565</u>	<u>70,795</u>	<u>39,770</u>
Facilities Acquisition and Construction Serv.					
Architectural/Engineering Services	9,000		9,000		9,000
Construction Services	324,100	-	324,100	45,675	278,425
Total Facilities Acquisition and Constr. Serv.	<u>333,100</u>	<u>-</u>	<u>333,100</u>	<u>45,675</u>	<u>287,425</u>
Increase in Maintenance Reserve	1,000		1,000		1,000
Increase in Capital Reserve	2,700	-	2,700	-	2,700
Total Capital Outlay	<u>405,875</u>	<u>41,490</u>	<u>447,365</u>	<u>116,470</u>	<u>330,895</u>
Total Expenditures	<u>14,246,076</u>	<u>285,665</u>	<u>14,531,741</u>	<u>13,144,598</u>	<u>1,387,143</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(870,547)</u>	<u>(285,665)</u>	<u>(1,156,212)</u>	<u>1,515,887</u>	<u>2,672,099</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(870,547)	(285,665)	(1,156,212)	1,515,887	2,672,099
Fund Balance, Beginning of Year	<u>4,332,494</u>	-	<u>4,332,494</u>	<u>4,332,494</u>	-
Fund Balance, End of Year	<u>\$ 3,461,947</u>	<u>\$ (285,665)</u>	<u>\$ 3,176,282</u>	<u>\$ 5,848,381</u>	<u>\$ 2,672,099</u>
Recapitulation:					
Fund Balance					
Restricted :					
Excess Surplus - Designated for Subsequent Year's Expenditures			\$ 236,415		
Excess Surplus			510,099		
Maintenance Reserve			570,000		
Maintenance Reserve - Designated for Subsequent Year's Expenditures			266,500		
Capital Reserve			2,073,052		
Capital Reserve - Designated for Subsequent Year's Expenditures			639,295		
Emergency Reserve			130,000		
Committed					
Year-end Encumbrances			290,376		
Assigned					
Designated for Subsequent Year's Expenditures			273,353		
Year-end Encumbrances			198,794		
Unassigned			<u>660,497</u>		
				<u>\$ 5,848,381</u>	
				5,848,381	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: Extraordinary Aid Payment Not Recognized on GAAP Basis				<u>410,497</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 5,437,884</u>	

**ALLENDALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE 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>
REVENUES					
Intergovernmental					
Local		\$ 1,000	\$ 1,000	\$ 559	\$ (441)
Federal	\$ 183,328	192,909	376,237	272,678	(103,559)
Total Revenues	<u>183,328</u>	<u>193,909</u>	<u>377,237</u>	<u>273,237</u>	<u>(104,000)</u>
EXPENDITURES					
Instruction					
Other Purchased Services	13,358	(13,358)			
Tuition	142,575	31,256	173,831	166,209	7,622
General Supplies	-	47,015	47,015	38,095	8,920
Total Instruction	<u>155,933</u>	<u>64,913</u>	<u>220,846</u>	<u>204,304</u>	<u>16,542</u>
Support Services					
Salaries		604	604	604	
Purchased Professional and Technical Services	27,395	35,027	62,422	35,261	27,161
Other Purchased Professional Services		46,935	46,935	3,420	43,515
General Supplies	-	1,000	1,000	559	441
Total Support Services	<u>27,395</u>	<u>83,566</u>	<u>110,961</u>	<u>39,844</u>	<u>71,117</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	45,430	45,430	29,089	16,341
Total Facilities Acq. and Construction	<u>-</u>	<u>45,430</u>	<u>45,430</u>	<u>29,089</u>	<u>16,341</u>
Total Expenditures	<u>183,328</u>	<u>193,909</u>	<u>377,237</u>	<u>273,237</u>	<u>104,000</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ALLENDALE BOARD OF EDUCATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1	\$ 14,660,485	C-2	\$ 273,237
Difference- Budget to GAAP				
State Aid payment and extraordinary aid (2009/2010) recognized for GAAP purposes, not recognized for budgetary statements.		393,246		
Difference - Budget to GAAP:				
Extraordinary aid (2010/2011) recognized for budgetary purposes, not recognized for GAAP statements		<u>(410,497)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.				
	B-2	<u>\$ 14,643,234</u>	B-2	<u>\$ 273,237</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1	\$ 13,144,598	C-2	\$ 273,237
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds				
	B-2	<u>\$ 13,144,598</u>	B-2	<u>\$ 273,237</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

ALLEDALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	I.D.E.I.A. Part B		I.D.E.I.A. ARRA		I.D.E.I.A. ARRA		Title II	Title III	Title III 2009/10	Local	Total 2011
	Basic	Preschool 2009/10	Basic	Preschool	Basic	Preschool					
REVENUES											
Intergovernmental											
Local											
Federal	\$ 169,601	\$ 130	\$ 68,102	\$ 28	\$ 3,356	\$ 18,739	\$ 12,722	\$ 559	\$ 272,678		
Total Revenues	\$ 169,601	\$ 130	\$ 68,102	\$ 28	\$ 3,356	\$ 18,739	\$ 12,722	\$ 559	\$ 273,237		
EXPENDITURES											
Instruction											
Tuition	\$ 166,209		\$ 8,516	-	-	\$ 16,905	\$ 12,544	-	\$ 166,209		
General Supplies	-								-		\$ 38,095
Total Instruction	166,209	130	8,516	-	-	16,905	12,544	-	204,304		
Support Services											
Salaries											604
Purchased Professional and Technical Services			30,497		3,356	1,230	178		35,261		
Other Purchased Professional Services	3,392			28					3,420		
General Supplies	-								\$ 559		559
Total Support Services	3,392	-	30,497	28	3,356	1,834	178	559	39,844		
Facilities Acquisition and Construction											
Instructional Equipment	-		29,089	-	-	-	-	-	-	-	29,089
Total Facilities Acq. and Construction	-		29,089	-	-	-	-	-	-	-	29,089
Total Expenditures	\$ 169,601	\$ 130	\$ 68,102	\$ 28	\$ 3,356	\$ 18,739	\$ 12,722	\$ 559	\$ 273,237		

**ALLENDALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

CAPITAL PROJECTS FUND

ALLENDALE BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2011</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Improvements to Schools	12/14/1999	\$ 9,841,000 *	\$ 9,775,912	\$ -	\$ 65,088
Improvements to Schools	1/15/2006	4,977,000 **	4,800,716	-	176,284
			<u>\$ 14,576,628</u>	<u>\$ -</u>	<u>\$ 241,372</u>

* - Funding Sources: Bonds \$6,420,000, EDA Grant Funding \$2,621,899, and Local Share (Debt Service Fund) \$799,101

** - Funding Sources: Bonds \$4,977,000

**ALLENDALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Revenues and Other Financing Sources

State sources - SCC Grants	
Other Financing Sources	
Transfer In - Capital Reserve	
Interest	\$ <u>247</u>
 Total Revenues	 <u>247</u>

Expenditures and Other Financing Uses

Construction Services	
Purchased Professional and Technical Services	
Equipment	
Transfer Out to Debt Service	<u>247</u>
 Total Expenditures	 <u>247</u>

Excess (Deficit) of Revenue Over (Under) Expenditures	-
 Fund Balance, Beginning of Year	 <u>241,372</u>
 Fund Balance, End of Year	 <u>\$ 241,372</u>

**ALLENDALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT - BUDGETARY BASIS
SCHOOL IMPROVEMENTS
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>
Revenues and Other Financing Sources				
State sources - SCC Grants	\$ 2,621,899		\$ 2,621,899	\$ 2,621,899
Bond proceeds and transfers	6,420,000		6,420,000	6,420,000
Transfer from Debt Services Fund	799,101		799,101	799,101
	<hr/>		<hr/>	<hr/>
Total revenues	\$ 9,841,000		\$ 9,841,000	\$ 9,841,000
	<hr/>		<hr/>	<hr/>
Expenditures and Other Financing Uses				
Purchased professional and technical services				
Land and improvements				
Construction Services	\$ 9,775,912		\$ 9,775,912	\$ 9,841,000
Lease Principal Payments			-	
Equipment purchases				
	<hr/>		<hr/>	<hr/>
Total Expenditures	9,775,912	-	9,775,912	9,841,000
	<hr/>		<hr/>	<hr/>
Excess (deficiency) or revenues over (under) expenditures	\$ 65,088	\$ -	\$ 65,088	\$ -
	<hr/>		<hr/>	<hr/>
Additional project information:				
Project Number	G5-0001	G5-0002		
Grant Date	4/17/2002	4/17/2002		
Bond Authorization Date	12/14/99			
Bonds Authorized	\$ 9,841,000			
Bonds Issued	6,420,000			
Original Authorized Cost				
Additional Authorized Cost	9,841,000			
Revised Authorized Cost	N/A			
Percentage Increase over Original Authorized Cost				
	N/A			
Percentage completion				
	99%			
Original target completion date				
	9/1/03			
Revised target completion date				
	N/A			

**ALLENDALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT - BUDGETARY BASIS
SCHOOL IMPROVEMENTS
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>
Revenues and Other Financing Sources				
Bond proceeds and transfers	\$ 4,977,000	-	\$ 4,977,000	\$ 4,977,000
Total revenues	\$ 4,977,000	-	\$ 4,977,000	\$ 4,977,000
Expenditures and Other Financing Uses				
Purchased professional and technical services	\$ 506,738		\$ 506,738	
Land and improvements				
Construction Services	4,293,978		4,293,978	
Lease Principal Payments				
Equipment purchases			-	
Total Expenditures	4,800,716	-	4,800,716	\$ 4,977,000
Excess (deficiency) or revenues over (under) expenditures	\$ 176,284	\$ -	\$ 176,284	\$ -
Additional project information:				
Project Number				
Grant Date	N/A			
Bond Authorization Date	1/15/06			
Bonds Authorized	\$ 4,977,000			
Bonds Issued	4,977,000			
Original Authorized Cost	N/A			
Additional Authorized Cost	N/A			
Revised Authorized Cost	N/A			
Percentage Increase over Original				
Authorized Cost	N/A			
Percentage completion	96%			
Original target completion date	11/1/07			
Revised target completion date	N/A			

ENTERPRISE FUND

EXHIBIT G-1

**ALLENDALE BOARD OF EDUCATION
ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

NOT APPLICABLE

EXHIBIT G-2

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

EXHIBIT G-3

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

FIDUCIARY FUNDS

**ALLENDALE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>Student Activities</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 15,160	\$ 16,984	\$ 32,144
Total Assets	<u>\$ 15,160</u>	<u>\$ 16,984</u>	<u>\$ 32,144</u>
LIABILITIES			
Due to Other Funds		\$ 10,293	\$ 10,293
Payable to Student Groups	\$ 15,160		15,160
Accrued Salaries and Wages		227	227
Payroll Deductions and Withholdings	<u>-</u>	<u>6,464</u>	<u>6,464</u>
Total Liabilities	<u>\$ 15,160</u>	<u>\$ 16,984</u>	<u>\$ 32,144</u>

**COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**ALLENDALE BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2011</u>
ELEMENTARY AND MIDDLE SCHOOLS				
Student Council	\$ 3,171	\$ 5,382	\$ 5,460	\$ 3,093
Brookside School	12,228	63,150	64,728	10,650
Hillside School	912	14,645	14,140	1,417
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Schools	<u>\$ 16,311</u>	<u>\$ 83,177</u>	<u>\$ 84,328</u>	<u>\$ 15,160</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2011</u>
Payroll Deductions and Withholdings	\$ 19,155	\$ 3,479,974	\$ 3,492,665	\$ 6,464
Accrued Salaries and Wages	227	5,150,248	5,150,248	227
Due to Other Funds	411	9,882	-	10,293
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 19,793</u>	<u>\$ 8,640,104</u>	<u>\$ 8,642,913</u>	<u>\$ 16,984</u>

LONG-TERM DEBT

**ALLENDALE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2011</u>
School District Bonds	9/15/01	\$ 6,420,000	9/15/11	\$ 450,000	4.10%	\$ 3,500,000		\$ 3,050,000	\$ 450,000
Governmental Loan Revenue Bond Series 2003A ERIP Refunding - Through Bergen County Improvement Authority	3/6/03	924,000	3/15/12 3/15/13 3/15/14 3/15/15 3/15/16 3/15/17 3/15/18 3/15/19 3/15/20 3/15/21 3/15/22	44,000 47,000 49,000 52,000 54,000 57,000 59,000 62,000 66,000 69,000 73,000	5.25% 5.25% 4.70% 4.75% 4.80% 4.85% 4.90% 5.35% 5.35% 5.35% 5.35%	674,000		42,000	632,000

ALLENDALE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance, July 1, 2010	Retired	Balance, June 30, 2011
			Date	Amount				
School District Bonds	1/15/2006	\$ 4,977,000	3/15/12	\$ 200,000	3.75%			
			3/15/13	210,000	3.875%			
			3/15/14	220,000	3.875%			
			3/15/15	230,000	3.875%			
			3/15/16	240,000	3.875%			
			3/15/17	250,000	3.875%			
			3/15/18	260,000	3.875%			
			3/15/19	270,000	4.00%			
			3/15/20	280,000	4.00%			
			3/15/21	295,000	4.00%			
			3/15/22	305,000	4.00%			
			3/15/23	320,000	4.00%			
			3/15/24	330,000	4.00%			
			3/15/25	345,000	4.00%			
			3/15/26	362,000	4.00%	\$ 4,312,000	\$ 195,000	\$ 4,117,000
	Refunding Bonds			9/15/2012	25,000	3.00%		
		2,690,000	9/15/2013	500,000	2.00%			
			9/15/2014	515,000	3.00%			
			9/15/2015	530,000	3.00%			
			9/15/2016	550,000	3.00%			
			9/15/2017	540,000	4.00%	-	\$ 2,690,000	30,000
						\$ 8,486,000	\$ 2,690,000	\$ 3,317,000
								\$ 717,000
								\$ 2,600,000
								\$ 3,317,000

Paid By Budget Appropriation
Paid by Refunding Bond Proceeds

**ALLENDALE BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

REVENUES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources					
Local Property Tax Levy	\$ 518,968		\$ 518,968	\$ 518,968	
State Sources	124,008	-	124,008	124,008	-
Total Revenues	642,976	-	642,976	642,976	-
EXPENDITURES					
Regular Debt Service					
Interest	346,123	\$ 30,000	316,123	285,590	\$ 30,533
Principal	687,000	(30,000)	717,000	717,000	-
Cost of Issuance				72,574	(72,574)
Advance Refunding Escrow	-	-	-	163,098	(163,098)
Total Expenditures	1,033,123	-	1,033,123	1,238,262	(205,139)
Other Finance Sources					
Refunding Bond Proceeds				2,690,000	2,690,000
Premium on Refunding Bonds				145,672	145,672
Payment to Refunded Bond Escrow Agent				(2,600,000)	(2,600,000)
Transfers In	-	-	-	247	247
Total Other Financing Sources	-	-	-	235,919	235,919
Excess (Deficiency) of Revenues Over (Under) Expenditures	(390,147)	-	(390,147)	(359,367)	30,780
Fund Balance, Beginning of Year	390,939	-	390,939	390,939	-
Fund Balance, End of Year	<u>\$ 792</u>	<u>\$ -</u>	<u>\$ 792</u>	<u>\$ 31,572</u>	<u>\$ 30,780</u>
				\$ 792	
				30,780	
				<u>\$ 31,572</u>	

ALLENDALE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities				(Restated)				
Invested in capital assets, net of related debt	\$ 1,531,971	\$ 2,596,266	\$ 2,926,450	\$ 2,423,874	\$ 2,782,336	\$ 3,404,197	\$ 3,876,300	\$ 4,271,315
Restricted	862,419	463,269	449,257	405,603	974,467	1,503,639	3,101,631	3,580,419
Unrestricted	283,281	(474,628)	(42,554)	1,115,927	1,129,614	549,700	309,805	1,043,037
Total governmental activities net assets	\$ 2,677,671	\$ 2,584,907	\$ 3,333,153	\$ 3,945,404	\$ 4,886,417	\$ 5,457,536	\$ 7,287,736	\$ 8,894,771
Business-type activities								
Invested in capital assets	\$ 64,012	\$ 58,719	\$ 53,426	\$ 14,020	\$ 12,918	\$ 18,106	\$ 27,049	\$ 61,560
Restricted								
Unrestricted	32,292	42,275	56,175	72,570	71,931	94,185	64,779	40,048
Total business-type activities net assets	\$ 96,304	\$ 100,994	\$ 109,601	\$ 86,590	\$ 84,849	\$ 112,291	\$ 91,828	\$ 101,608
District-wide								
Invested in capital assets, net of related debt	\$ 1,595,983	\$ 2,654,985	\$ 2,980,376	\$ 2,437,894	\$ 2,795,254	\$ 3,422,303	\$ 3,903,349	\$ 4,332,875
Restricted	862,419	463,269	449,257	405,603	974,467	1,503,639	3,101,631	3,580,419
Unrestricted	315,573	(432,353)	13,621	1,188,497	1,201,545	643,885	374,584	1,083,085
Total district net assets	\$ 2,773,975	\$ 2,685,901	\$ 3,443,254	\$ 4,031,994	\$ 4,971,266	\$ 5,569,827	\$ 7,379,564	\$ 8,996,379

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities								
Instruction								
Regular	\$ 4,167,419	\$ 5,651,818	\$ 5,833,194	\$ 5,876,727	\$ 6,199,331	\$ 6,154,437	\$ 6,291,655	\$ 6,035,330
Special education	967,798	1,745,449	1,346,367	2,080,570	2,047,305	1,804,129	1,426,920	1,323,709
Other special education	558,306	618,579	619,411	437,794	454,720	474,987	370,459	441,108
Other instruction		71,299	79,188	81,986	98,524	112,555	114,148	121,850
School Sponsored Activities and Athletics								
Support Services:								
Tuition	436,962							
Student & instruction related services	1,810,447	1,683,604	2,034,308	1,841,045	2,114,773	1,977,978	2,062,727	2,003,115
Health services		130,338	149,213	161,615	169,533	171,609	191,585	193,471
Attendance and Social Work		15,644	22,658	63,811	45,304		30,401	30,553
Educational Media/School Library		147,505	160,638	168,980	187,713	175,559	197,452	195,724
School Administrative services	465,364	647,917	541,290	547,513	555,731	621,985	669,644	651,853
General administration	346,084	515,093	545,745	455,453	559,711	562,486	503,373	524,697
Central Services		307,875	369,895	405,184	396,814	462,015	413,062	378,393
Plant operations and maintenance	1,034,402	1,171,671	1,207,225	1,368,257	1,568,683	1,620,050	1,565,254	1,668,631
Pupil transportation	204,556	203,346	239,584	316,016	261,897	221,040	177,097	88,786
Other support services	239,708							
Unallocated Benefits	858,926							
Interest on long-term debt	317,924							
Unallocated depreciation	207,763							
Total governmental activities expenses	11,615,659	13,209,673	13,476,965	14,252,760	15,087,955	14,745,103	14,343,481	13,952,659
Business-type activities:								
Food service	225,200	237,314	231,837	209,091	220,181	181,155	233,552	220,264
Summer Music				43,233	40,261	39,980	49,881	38,002
Total business-type activities expense	225,200	237,314	231,837	252,324	260,442	221,135	283,433	258,266
Total district expenses	\$ 11,840,859	\$ 13,446,987	\$ 13,708,802	\$ 14,505,084	\$ 15,348,397	\$ 14,966,238	\$ 14,626,914	\$ 14,210,925
Program Revenues								
Governmental activities:								
Charges for services:								
Regular		\$ 38,106	\$ 17,175				\$ 58,350	\$ 79,036
Special education		279,868	126,138	203,476	185,540	141,775	64,631	64,631
Operating grants and contributions	\$ 182,397	1,559,761	1,841,553	2,258,951	2,310,564	1,576,156	2,162,180	1,490,297
Total governmental activities program revenues	182,397	1,877,735	1,984,866	2,462,427	2,496,104	1,717,931	2,285,161	1,569,333

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Program Revenues (Continued)								
Business-type activities:								
Charges for services								
Food service	\$ 202,031	\$ 212,357	\$ 209,897	\$ 192,661	\$ 192,164	\$ 180,928	\$ 187,178	\$ 199,110
Summer Music			30,547	45,073	38,800	40,031	48,740	40,875
Operating grants and contributions	29,402	29,000		25,476	25,367	26,595	26,456	27,539
Total business type activities program revenues	231,433	241,357	240,444	263,210	256,331	247,554	262,374	267,524
Total district program revenues	\$ 413,830	\$ 2,119,092	\$ 2,225,310	\$ 2,725,637	\$ 2,752,435	\$ 1,965,485	\$ 2,547,535	\$ 1,836,857
Net (Expense)/Revenue								
Governmental activities	\$ (11,453,262)	\$ (11,331,938)	\$ (11,492,099)	\$ (11,790,333)	\$ (12,591,831)	\$ (13,027,172)	\$ (12,058,320)	\$ (12,383,326)
Business-type activities	6,233	4,043	8,607	10,886	(4,111)	26,419	(21,059)	9,258
Total district-wide net expense	\$ (11,427,029)	\$ (11,327,895)	\$ (11,483,492)	\$ (11,779,447)	\$ (12,595,962)	\$ (13,000,753)	\$ (12,079,379)	\$ (12,374,068)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 10,239,055	\$ 10,447,306	\$ 11,246,235	\$ 12,025,265	\$ 12,172,795	\$ 12,490,766	\$ 12,770,397	\$ 13,281,213
Taxes levied for debt service	541,453	663,310	663,054	847,316	884,623	896,664	888,093	518,968
State aid - unrestricted	1,695,206	88,830	90,250	91,049	107,469	4,618		
Tuition Received	360,587							
State aid - restricted for debt service				142,845	143,917	145,368	144,668	124,008
Investment earnings	2,809	39,728	241,306	280,430	206,205	46,067	31,872	35,066
Miscellaneous income	41,627			42,804	17,855	14,808	53,490	31,106
Total governmental activities	12,880,737	11,239,174	12,240,845	13,429,709	13,532,864	13,598,291	13,888,520	13,990,361
Business-type activities:								
Miscellaneous income		647		3,098	2,370	1,023	596	522
Interest earnings								
Total business-type activities		647		3,098	2,370	1,023	596	522
Total district-wide	\$ 12,880,737	\$ 11,239,821	\$ 12,240,845	\$ 13,432,807	\$ 13,535,234	\$ 13,599,314	\$ 13,889,116	\$ 13,990,883
Change in Net Assets								
Governmental activities	\$ 1,447,475	\$ (92,764)	\$ 748,746	\$ 1,639,376	\$ 941,013	\$ 571,119	\$ 1,830,200	\$ 1,607,035
Business-type activities	6,233	4,690	8,607	13,984	(1,741)	27,442	(20,463)	9,780
Total district	\$ 1,453,708	\$ (88,074)	\$ 757,353	\$ 1,653,360	\$ 939,272	\$ 598,561	\$ 1,809,737	\$ 1,616,815

Note: GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 718,612	\$ 730,795	\$ 1,155,312	\$ 1,946,546	\$ 2,041,678	\$ 1,815,709	\$ 3,357,772	
Unreserved	657,155	208,124	209,453	384,047	667,758	757,295	581,476	
Restricted								\$ 4,425,361
Committed								290,376
Assigned								472,147
Unassigned								250,000
Total general fund	\$ 1,375,767	\$ 938,919	\$ 1,364,765	\$ 2,330,593	\$ 2,709,436	\$ 2,573,004	\$ 3,939,248	\$ 5,437,884
All Other Governmental Funds								
Reserved	\$ 142,104	\$ 122,104	\$ 250,274	\$ 2,057,014	\$ 199,640	\$ 245,927		
Unreserved	1,703	33,316	4,559,102	1,041,690	681,389	464,526	\$ 632,311	
Restricted								\$ 272,944
Committed								
Assigned								
Unassigned								
Total all other governmental funds	\$ 143,807	\$ 155,420	\$ 4,809,376	\$ 3,098,704	\$ 881,029	\$ 710,453	\$ 632,311	\$ 272,944

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Revenues								
Tax levy	\$ 10,780,508	\$ 11,110,616	\$ 11,909,289	\$ 12,872,581	\$ 13,057,418	\$ 13,387,430	\$ 13,658,490	\$ 13,800,181
Tuition charges	360,587	317,974	143,313	203,476	185,540	141,775	122,981	79,036
Interest earnings	2,809	13,545	162,280	280,430	206,205	46,067	31,872	35,066
Miscellaneous	41,627	26,183	79,026	42,804	50,126	38,600	59,027	31,665
State sources	1,701,721	1,449,443	1,707,502	2,294,007	2,296,501	1,466,693	1,997,345	1,341,068
Federal sources	175,882	199,148	224,301	198,838	233,178	235,657	303,966	272,678
Total revenue	13,063,134	13,116,909	14,225,711	15,892,136	16,028,968	15,316,222	16,173,681	15,559,694
Expenditures								
Instruction								
Regular instruction	4,167,419	5,614,453	5,696,876	5,683,851	5,997,384	5,923,356	6,051,482	5,829,303
Special education instruction	967,798	1,738,600	1,316,456	2,045,973	2,006,035	1,763,739	1,416,349	1,316,295
Other special instruction	558,306	614,145	603,201	425,287	439,022	455,532	355,228	428,375
School sponsored activities and athletics		70,812	77,404	79,977	95,686	108,913	110,215	118,512
Support Services:								
Tuition	436,962							
Student & inst. related services	1,810,447	1,672,151	2,003,658	1,799,447	2,056,543	1,913,930	1,997,002	1,947,200
Health services		127,376	145,260	157,330	163,790	164,721	182,553	185,658
Attendance and Social Work		17,553	22,207	61,717	43,712		30,401	30,667
Educational Media/School Library		146,578	156,947	164,572	182,254	168,976	190,188	189,514
General administration	346,084	513,134	538,078	446,975	547,584	547,459	488,858	503,131
School administrative services	465,364	643,381	527,603	532,132	537,331	597,059	642,421	628,578
Central services		305,528	360,379	394,645	383,889	444,558	399,903	367,227
Plant operations and maintenance	1,034,402	1,166,476	1,190,121	1,347,470	1,539,633	1,587,864	1,530,743	1,639,030
Pupil transportation	204,556	203,346	240,017	316,016	261,897	221,040	177,097	88,786
Other Support Services	239,708							
Unallocated Benefits	2,348,634							
Capital outlay	92,166	45,302	281,575	2,166,709	2,584,500	684,051	280,379	145,559
Debt service:								
Principal	342,000	358,000	384,000	540,000	607,000	644,000	660,000	717,000
Interest and other charges	321,635	305,309	262,720	474,879	421,540	398,032	372,760	285,590
Cost of Issuance								72,574
Advance Refunding Escrow								163,098
Total expenditures	13,335,481	13,542,144	13,806,501	16,636,980	17,867,800	15,623,230	14,885,579	14,656,097
Excess (Deficiency) of revenues over (under) expenditures	(272,347)	(425,235)	419,210	(744,844)	(1,838,832)	(307,008)	1,288,102	903,597

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing sources (uses)								
Proceeds from Bond			\$ 4,982,948					\$ 2,690,000
Premium on Refunding Bonds								145,672
Payment to Refunded Bond Escrow Agent			(322,356)					(2,600,000)
Cost of Issuance from Bond	\$ 6,735	\$ 7,471	87,657	\$ 184,096	\$ 95,581	\$ 6,479	\$ 105,941	247
Transfers in	(6,735)	(7,471)	(87,657)	(184,096)	(95,581)	(6,479)	(105,941)	(247)
Transfers out								
Total other financing sources (uses)	-	-	4,660,592	-	-	-	-	235,672
Net change in fund balances	\$ (272,347)	\$ (425,235)	\$ 5,079,802	\$ (744,844)	\$ (1,838,832)	\$ (307,008)	\$ 1,288,102	\$ 1,139,269

Debt service as a percentage of noncapital expenditures

	2.58%	2.65%	2.84%	3.73%	3.97%	4.31%	4.52%	6.07%
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* Noncapital expenditures are total expenditures less capital outlay.

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL FUND										
Interest on Investments	\$ 40,350	\$ 9,968	\$ 6,411	\$ 13,965	\$ 67,872	\$ 79,470	\$ 95,808	\$ 31,983	\$ 29,435	\$ 33,561
Prior Year's Refunds	21,696	222	26,544	8,853						
Rentals	25,400	28,500								
Donation										
Miscellaneous	19,075	-	-	3,365	79,026	42,804	17,855	14,808	53,490	31,106
Total Miscellaneous	106,521	38,690	32,955	26,183	146,898	122,274	113,663	46,791	82,925	64,667
Tuition	340,854	442,170	360,587	317,974	143,313	203,476	185,540	141,775	122,981	79,036
Interest Earned on Capital Reserve Funds	7,000	4,258	2,809	6,074	12,699	16,864	14,816	7,605	1,646	1,258
Total General Fund	347,854	446,428	363,396	324,048	156,012	220,340	200,356	149,380	124,627	80,294
Total Other Local Revenue	\$ 454,375	\$ 485,118	\$ 396,351	\$ 350,231	\$ 302,910	\$ 342,614	\$ 314,019	\$ 196,171	\$ 207,552	\$ 144,961

Source: District's records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2002	\$ 11,174,900	\$ 1,892,840,000	\$ 997,000	\$ 7,200	\$ 114,331,500	\$ 64,824,300	\$ -	\$ 1,284,174,900	\$ -	\$ 1,284,174,900	\$ 1,196,632,155	1.200
2003	10,846,400	1,097,468,500	997,000	7,200	114,407,800	62,268,000	-	1,285,994,900	-	1,285,994,900	1,331,460,223	1.270
2004	9,881,200	1,101,756,500	951,900	7,200	104,810,300	60,671,900	-	1,278,079,000	-	1,278,079,000	1,451,504,461	1.330
2005	9,746,500	1,105,020,600	951,900	16,200	103,847,100	60,671,900	-	1,280,254,200	-	1,280,254,200	1,593,923,956	1.421
2006	10,027,600	1,111,588,700	951,900	16,200	93,383,800	63,135,200	-	1,279,103,400	-	1,279,103,400	1,791,207,176	1.530
2007	19,933,000	1,120,804,400	951,900	16,200	90,089,700	63,135,200	-	1,294,930,400	-	1,294,930,400	1,848,980,808	1.380
2008	21,320,700	1,123,463,200	951,900	656,200	87,978,700	61,598,800	-	1,295,969,500	-	1,295,969,500	1,895,839,282	1.630
2009	23,113,900	1,128,523,700	951,900	656,200	66,594,200	83,003,300	-	1,302,843,200	-	1,302,843,200	1,741,285,954	1.666
2010	22,862,000	1,136,586,200	951,900	16,200	66,594,200	83,003,300	-	1,310,013,800	-	1,310,013,800	1,831,322,056	1.677
2011	21,708,300	1,138,141,600	951,900	16,200	67,787,000	83,736,300	-	1,312,341,300	-	1,312,341,300	1,811,515,735	1.704

Source: County Abstract of Rates

^a Tax rates are per \$100

**ALLENDALE BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>School District</u>	<u>Municipality</u>	<u>County</u>
2002 *	\$ 1.80	\$ 1.20	\$ 0.40	\$ 0.20
2003	1.92	1.27	0.45	0.20
2004	2.05	1.33	0.50	0.22
2005	2.18	1.42	0.53	0.23
2006	2.36	1.53	0.60	0.23
2007	2.45	1.58	0.62	0.25
2008	2.55	1.63	0.65	0.27
2009	2.618	1.666	0.667	0.285
2010	2.642	1.677	0.686	0.279
2011	2.672	1.704	0.686	0.282

* The Borough underwent a revaluation of property which became effective 2002.

Source: Tax Duplicate, Borough of Allendale

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

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Allendale Nursing Home	\$ 15,296,900	1.17%		
Allendale Plaza	13,221,400	1.01%		
Riggs & Co.	12,500,000	0.95%		Not Available
Allendale Associates	11,052,100	0.84%		
Allendale Associates	7,750,000	0.59%		
Black Mill Work Co. Inc.	6,849,500	0.52%		
Pearl Investor	6,657,500	0.51%		
Allendale Associates	6,579,800	0.50%		
Allendale Associates	4,772,700	0.36%		
Allendale Associates	4,414,200	0.34%		
	\$ 89,094,100	6.79%		

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 10,121,342	\$ 10,121,342	100.00%	N/A
2003	10,508,413	10,508,413	100.00%	N/A
2004	10,780,508	10,780,508	100.00%	N/A
2005	11,110,616	11,110,616	100.00%	N/A
2006	11,909,289	11,839,989	99.00%	\$ 69,300
2007	12,872,581	12,872,581	100.00%	N/A
2008	13,057,418	13,057,418	100.00%	N/A
2009	13,387,430	13,387,430	100.00%	N/A
2010	13,658,490	13,658,490	100.00%	N/A
2011	13,800,181	13,800,181	100.00%	N/A

Source: District Records

ALLENDALE BOARD OF EDUCATION
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST SEVEN FISCAL YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Governmental Activities						Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Grant Anticipation Notes (BANs)					
2005	\$ 6,344,000	N/A	N/A	\$ 424,576	\$ 6,768,576	6,665	\$ 1,016		
2006	10,937,000	N/A	N/A	424,576	11,361,576	6,604	1,720		
2007	10,397,000	N/A	N/A	424,576	10,821,576	6,578	1,645		
2008	9,790,000	N/A	N/A	424,576	10,214,576	6,599	1,548		
2009	9,146,000	N/A	N/A	424,576	9,570,576	6,609	1,448		
2010	8,486,000	N/A	N/A	-	8,486,000	6,609 *	1,284		
2011	7,859,000	N/A	N/A	-	7,859,000	6,609 *	1,189		

Source: District records

Note:

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

*Estimate

ALLENDALE BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 6,344,000	-	\$ 6,344,000	0.50%	\$ 939
2006	10,937,000	-	10,937,000	0.85%	1,619
2007	10,397,000	-	10,397,000	0.81%	1,571
2008	9,790,000	-	9,790,000	0.76%	1,484
2009	9,146,000	-	9,146,000	0.71%	1,448
2010	8,486,000	-	8,486,000	0.65%	1,284 *
2011	7,859,000	-	7,859,000	0.60%	1,189 *

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

* Estimate

Note:

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

**ALLENDALE BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2010
(Unaudited)**

	<u>Total Net Debt</u>
Municipal Debt: (1)	
Borough of Allendale School District	\$ 7,227,000
Northern Highlands Regional School District	12,529,200
Borough of Allendale	<u>14,434,652</u>
	<u>34,190,852</u>
Overlapping Debt Apportioned to the Municipality:	
County of Bergen (2)	6,732,536
Northwest Utilities Authority (3)	<u>2,956,290</u>
Total Direct and Overlapping Debt	<u><u>\$ 43,879,678</u></u>

(1)- Based on 2010 equalized valuations

(2) Based on Usage

Sources:

(1) Borough of Allendale 2010 Annual Debt Statement

(2) County of Bergen 2010 Audit

(3) NBCUA 2010 Audit

**ALLENDALE BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>School District Population</u>
2001	3.10%	\$ 52,053	6,787
2002	4.20%	51,083	6,784
2003	4.20%	51,758	6,775
2004	3.40%	53,131	6,799
2005	2.50%	56,725	6,754
2006	2.70%	61,264	6,713
2007	2.40%	67,125	6,713
2008	4.50%	67,696	6,618
2009	5.60%	64,388	6,609
2010	5.80%	64,388 *	6,609 *

Source: United States Bureau of Census - Population Division NJ Department of Labor,
Bureau of Labor Force Statistics

* Estimate

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

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	2004	2005	2006	2007	2008	2009	2010	2011
Instruction								
Regular	89	86	87	88	74	71	71	72
Special education	12	12	8	8	10	14	14	14
Other special education	3	3	3	3	15	14	15	15
Support Services:								
Student & instruction related services	5	5	4	4	5	5	5	5
General administration	6	6	6	6	6	6	6	6
School administrative services	3	3	2	2	2	2	2	2
Other administrative services			1	1	1	1	1	1
Plant operations and maintenance	10	10	9	9	10	9	8	8
Total	128	125	120	121	123	122	122	123

Source: District Personnel Records

Note:
 GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 34 in fiscal year 2006 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2002	1,097	\$ 11,177,335	\$ 10,189	#DIV/0!	N/A	N/A	1,097	1,054	#DIV/0!	96.08%	
2003	1,109	11,426,579	10,303	1.12%	105	14:1	1,109	1,069	1.09%	96.39%	
2004	1,102	12,579,680	11,415	10.79%	105	14:1	1,102	1,060	-0.63%	96.19%	
2005	1,087	12,862,145	11,833	3.66%	102	14:1	1,087	1,047	-1.36%	96.32%	
2006	1,072	13,055,103	12,178	2.92%	104	13.5:1	1,072	1,060	-1.38%	98.88%	
2007	1,032	13,461,970	13,045	7.11%	106	13:1	1,032	995	-3.73%	96.41%	
2008	997	14,254,760	14,298	9.61%	99	9.2:1	991	950	-3.97%	95.86%	
2009	954	13,897,147	14,567	1.89%	99	9.2:1	954	932	-3.73%	97.69%	
2010	944	13,572,440	14,378	-1.30%	99	11:9	961	923	0.75%	96.05%	
2011	957	13,262,240	13,858	-3.61%	99	12:02	967	934	0.62%	96.59%	

Sources: District records

Note: a Enrollment based on annual October district count.

b Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay.

c Cost per pupil represents operating expenditures divided by enrollment.

ALLENDALE BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	46,623	46,623	46,623	46,623	46,623	46,623	46,623	46,623	46,623	46,623
Capacity (students)	333	333	333	333	333	333	333	333	333	333
Enrollment	443	424	430	417	411	404	386	326	322	322
<u>Middle School</u>										
Square Feet	92,696	92,696	92,696	92,696	92,696	92,696	92,696	92,696	92,696	92,696
Capacity (students)	629	629	629	629	629	629	629	629	629	629
Enrollment	647	686	637	637	633	635	605	628	623	623

Number of Schools at June 30, 2011
 Elementary = 1
 Middle School = 1

Source: District Records

ALLENDALE BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 (Unaudited)

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES											
School Facilities	Project #										
Brookside Avenue Elem.	N/A	\$ 151,405	\$ 151,069	\$ 150,835	\$ 152,499	\$ 132,202	\$ 184,940	\$ 253,262	\$ 246,981	\$ 140,831	\$ 194,614
Hillside Avenue Elem.	N/A	74,573	69,922	77,623	81,799	68,105	95,272	100,785	101,051	87,807	123,275
Grand Total		\$ 225,978	\$ 220,991	\$ 228,458	\$ 234,298	\$ 200,307	\$ 280,212	\$ 354,047	\$ 348,032	\$ 228,638	\$ 317,889

Source: School District Financial Statements

ALLENDALE BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2011
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building and Contents,	\$ 500,000,000	\$ 1,000
Comprehensive General Liability	5,000,000	
General Automobile Liability	5,000,000	1,000
Employee Benefits Liability	5,000,000	1,000
Excess Board of Education Liability	1,000,000	
	excess of \$4,000,000	
Athletic Equipment	500,000	1,000
Cameras	500,000	1,000
Data Processing Equipment	1,000,000	1,000
Musical Instruments	500,000	1,000
Valuable Papers and Records	100,000	1,000
Contractors Equipment	250,000	1,000
Miscellaneous Property	250,000	1,000
Flood/Earthquake	10,000,000	
	/\$25,000,000	25,000
Fine Arts	100,000	1,000
Extra Expense	250,000	
Crime Coverage, Employee Dishonesty	500,000	500
Crime - Inside/Outside	25,000	
	/\$25,000	500
Excess Property	5,000,000	
Environmental Site Specific Liability	1,000,000	
	/\$3,000,000	15,000
Boiler and Machinery	1,000,000	1,000
Excess Liability	50,000,000	
	excess of \$10,000,000	
Board of Education - Wrongful Acts	1,000,000	2,500
Workers Compensation	Statutory	
Surety Bonds		
Treasurer of School Moneys	210,000	N/A
School Board Secretary	100,000	N/A

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBRA GOLLE, CPA
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RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Allendale Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Allendale Board of Education's basic financial statements and have issued our report thereon dated November 28, 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 audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

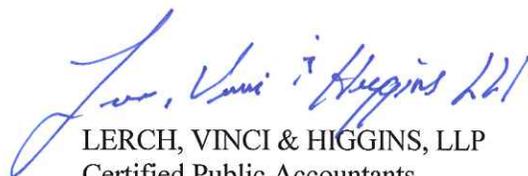
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

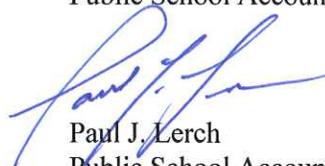
As part of obtaining reasonable assurance about whether the Allendale Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

We noted certain matters that we have reported to management of the Allendale Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 28, 2011.

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



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



Paul J. Lerch
Public School Accountant
PSA Number CS001118

Fair Lawn, New Jersey
November 28, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, CPA

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

Independent Auditors' Report

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

Compliance

We have audited the Allendale Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Allendale Board of Education's major state programs for the fiscal year ended June 30, 2011. Allendale Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Allendale Board of Education's management. Our responsibility is to express an opinion on Allendale Board of Education's compliance based on our audit.

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

In our opinion, Allendale Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

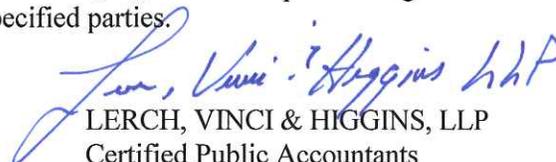
Internal Control Over Compliance

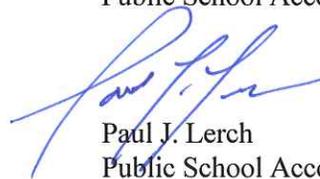
Management of Allendale Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Allendale Board of Education's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

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

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

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


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


Paul J. Lerch
Public School Accountant
PSA Number CS001118

Fair Lawn, New Jersey
November 28, 2011

ALLEDALE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance: June 30, 2010		Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	Balance: June 30, 2011		MEMO	
				(Accounts Receivable)/Deferred Revenue	Due to Grantor						Accounts Receivable	Deferred Revenue		Due to Grantor
State Department of Education														
<i>General Fund</i>														
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 22,997	\$ (2,936)	\$	\$ 2,936								
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	215,514	(27,510)		27,510								
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	42,867	(5,472)		5,472								
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	410,497		\$ 410,497						\$ (410,497)		\$ 410,497	
Extraordinary Aid	10-495-034-5120-044	7/1/09-6/30/10	357,328	(357,328)		357,328								
On-Behalf TPAF Pension														
NCCI Premium	11-495-034-5095-007	7/1/10-6/30/11	18,269		18,269								18,269	
Post Retirement Medical	11-495-034-5095-007	7/1/10-6/30/11	388,036		388,036								388,036	
Reimbursed TPAF Social Security	11-495-034-5095-002	7/1/10-6/30/11	417,509		396,153		417,509				(21,376)		417,509	
Reimbursed TPAF Social Security	10-495-034-5095-002	7/1/09-6/30/10	441,985	(21,935)		21,935								
Total General Fund				(415,181)		1,217,619	1,234,311				(431,873)		(21,376)	1,234,311
New Jersey Economic Development Authority														
<i>Capital Projects Fund</i>														
Replacement of Unit Ventilators 5th Grade Wing	0040-010-09-1001	7/1/09-6/30/10	70,100	(70,100)		70,100								
Debt Service Fund														
Debt Service Aid Type II	11-495-034-5120-017	7/1/10-6/30/11	124,008			124,008	124,008							124,008
Enterprise Fund														
National School Lunch Program	11-100-034-5120-122	7/1/10-6/30/11	1,998	(1,998)		1,826	1,998				(172)		(172)	1,998
State Share	10-100-034-5120-122	7/1/09-6/30/10	2,256	(1,677)		167								
State Share														
Total Enterprise Fund				(1,677)		1,993	1,998				(172)		(172)	1,998
Total State Awards				(485,448)		1,413,720	1,360,317				(432,045)		(21,548)	1,360,317
State Financial Assistance														
<i>Not Subject to Single Audit Determination</i>														
General Fund														
On-Behalf TPAF NCCI Premium	10-495-034-5095-007	7/1/09-6/30/10	18,269			(18,269)	(18,269)							(18,269)
On-Behalf TPAF Post-Retirement Medical Contr	10-495-034-5095-007	7/1/09-6/30/10	388,036			(388,036)	(388,036)							(388,036)
On-Behalf TPAF Post-Retirement Medical Contr						(406,305)	(406,305)							(406,305)
Total State Awards - Subject to Single Audit				(485,448)		1,007,415	954,012				(432,045)		(21,548)	954,012

See Accompanying Notes to the Schedule of Expenditure of Federal Awards and State Financial Assistance.

**ALLENDALE BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$17,251 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,217,060	\$ 1,217,060
Special Revenue Fund	\$ 272,678		272,678
Debt Service Fund		124,008	124,008
Food Service Fund	<u>25,541</u>	<u>1,998</u>	<u>27,539</u>
 Total Financial Assistance	 <u>\$ 298,219</u>	 <u>\$ 1,343,066</u>	 <u>\$ 1,641,285</u>

**ALLENDALE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$417,509 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. The amount reported as TPAF Pension System Contributions in the amount of \$18,269 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$388,036 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

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

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section - Not Applicable

Internal Control over major programs:

- 1) Material weakness(es) identified: yes no
- 2) Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?

 yes none reported

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

Auditee qualified as low-risk auditee? yes no

**ALLENDALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part I – Summary of Auditor’s Results

State Awards Section

J) Dollar threshold used to distinguish Type A and Type B programs: \$ 300,000

K) Auditee qualified as low-risk auditee? X yes no

L) Type of auditors' report on compliance for major programs: Unqualified

M) Internal Control over compliance:

1) Material weakness(es) identified? yes X no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? yes X none

O) Identification of major programs:

GMIS Number(s)	Name of State Program
<u>11-495-034-5120-044</u>	<u>Extraordinary Aid</u>
<u>11-495-034-5095-002</u>	<u>Social Security Aid</u>
<u> </u>	<u> </u>

**ALLENDALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

THERE ARE NONE.

ALLENDALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

**ALLENDALE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL 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

THERE WERE NONE.