

**Alloway Township School**  
**Board of Education**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2011**

**ALLOWAY TOWNSHIP SCHOOL DISTRICT**

**ALLOWAY, NEW JERSEY 08001**

**Alloway Township School Board of Education  
Alloway, New Jersey 08001**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Of the

**Alloway Township School Board of Education  
Alloway, New Jersey 08001**

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

Prepared by:

**Alloway Township School  
Board of Education Administration**

## OUTLINE OF CAFR

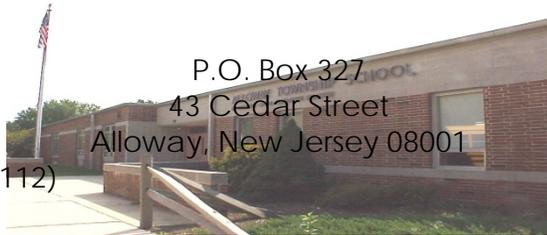
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## INTRODUCTORY SECTION

# Alloway Township School



P.O. Box 327  
43 Cedar Street  
Alloway, New Jersey 08001

Phone - 856.935.1627 (112)

Fax – 856.935.3017

ROBERT J BAZZEL, SUPERINTENDENT

REBECCA S. JOYCE, BUSINESS ADMINISTRATOR

September 1, 2011

Honorable President and  
Members of the Board of Education  
Alloway Township School District  
County of Salem, New Jersey  
Alloway, New Jersey

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, MD&A and the basic financial statements including the district-wide statements fund statements, notes to the financial statements, required supplementary information other than MD&A including budgetary comparison schedules and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Alloway Township School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's reports on the internal control and compliance with applicable laws and regulations and findings and recommendations, if any, are included in the single audit section of this report.

## 1) REPORTING ENTITY AND ITS SERVICES

The Alloway Township Board of Education and its one school (grades pre-K to 8), constitute the District's reporting entity. We completed the 2010-2011 school year with an average daily enrollment of 431 which is a decrease over the previous year's enrollment.

## 2) ECONOMIC CONDITIONS AND OUTLOOK

Alloway Township encompasses thirty-four square miles, and is experiencing a period of housing development and expansion, which is expected to continue with two results: 1) an increased tax base, and 2) a loss of land and the rural aspect, of which Alloway Township is famous. The above figures continue to reflect the economic condition of Alloway.

## 3) MAJOR INITIATIVES

Alloway Township values its unique heritage and is rightly proud of a history of student achievement. Alloway Township School District continues to support quality educational opportunities for all students in a changing community and world. Staff members are committed to provide excellent instruction to prepare our students for their place in the global economy of the 21st century. Curriculum renewal, quality staff development and implementation of best practices of instruction have kept the district at the leading edge of educational improvement. Our students score consistently above the state average in the NJ ASK state tests. We continue to strive for excellence and high achievement of all students and are working towards increasing the number of students scoring in the Advanced Proficient category on these tests.

Major initiatives in the district focus on literacy and curriculum renewal. These initiatives include;

\* Writing – Improving student writing skills our primary objective for the year. We are implementing the Writing Academy which is a comprehensive, brain-compatible writing process that serves kindergarten through eighth grade. Through brain compatible exercises students learn to write interesting, organized, focused papers with well-developed ideas where their voice comes through to the reader. An incredible emphasis is placed on making sure that the students feel the confidence to express their personalities in everything they write. This process encourages individuality and creativity and enables your student writers to connect emotionally with their readers.

\* Curriculum renewal – We are in the implementation phase of a revised Mathematics curriculum in grades k through 2. We are also in the revision process for grades 3 through 8. This curriculum revision was necessitated by the Core Content Standards.

\* HIB – A major objective of the district for the 2011 – 2012 school year is the implementation of the new Harassment, Intimidation and Bullying policy. This involves training of all school community members and a commitment to zero tolerance for bullying.

\*Professional Learning Communities – small groups of teachers utilizing data to work together to improve instruction.

Curriculum offerings are continually being evaluated and revised to include research-based strategies to improve student learning. Utilizing Connected Math and Everyday Math

curricula, our students continue to display superior achievement in mathematics. Beside the traditional courses of study, our students are offered advanced mathematics in grades 7 and 8 and Advanced Language Arts in grade 8. With our fully equipped science lab now functional, we are offering the advanced 8th grade lab science previously only offered at Woodstown H.S., in district. We are able to offer advanced Spanish to 7th & 8th grade students on site by a certified World Language teacher. Our after-school enrichment program has offerings in leadership, drama, music, art, technology, creative problem solving and psychomotor skill development.

Community and parental involvement are crucial to the success of our public schools. There are many opportunities available to parents, grandparents and community members to be active participants in the daily activities of the school. Classroom teachers welcome volunteer tutors and aides to assist in helping students become more successful. Volunteers are also invited to read a favorite book, share their occupation and/or travel experiences with our students. Parent nights, special programs and involvement in the Parent-Teacher Association are some other avenues for participation.

Alloway Township residents have been very supportive of advancing education for their young people. The community has provided support through a variety of means, not the least of which is our PTA, which continually funds programs and activities for our children that would not otherwise be possible. The following Mission Statement was developed to guide school personnel, the community and Board of Education in making educational decisions:

The Mission of the Alloway Township School District is:

- \* To provide all students with an equal opportunity to achieve excellence and reach their full potential as lifelong learners.
- \* To enable students to meet challenges with courage, conviction and confidence.
- \* To expect that all students shall master the skills stipulated in the New Jersey Core Curriculum Content Standards at all grade levels.
- \* To provide quality programs through the dedication of committed, skilled teachers and administrators.
- \* To maintain a staff of professional educators that supports the New Jersey Core Curriculum Content Standards and the New Jersey Standards for Professional Development.
- \* To work collaboratively with parents to ensure a safe, orderly, caring and supportive community for learning.

#### 4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles (G.A.A.P.). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As a 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.

#### 5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by 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, though not applicable, would be approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount for the fiscal year is reflected in the financial section.

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

#### 6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the G.A.S.B. The accounting system of the District is organized on the basis of funds and account groups which are converted from governmental fund balances to net assets.

#### 7) DEBT ADMINISTRATION

At June 30, 2011, the District's outstanding debt issues included \$2,666,000 of general obligation bonds. In March 2005, the District issued general obligation bonds in the amount of \$3,416,000. The proceeds of this bond issue were placed in the District's Capital Projects Fund for use to provide capital improvements to the District's buildings and grounds. These improvements include construction of an addition to the existing school building, upgrades

and renovations to existing areas, air conditioning of existing rooms and the acquisition of school furniture and other equipment as necessary.

8) CASH MANAGEMENT

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

9) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, comprehensive/collision, hazard and theft insurance on property and contents, school board liability, workmen's compensation 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 Petroni & Associates LLC, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and the revised OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS

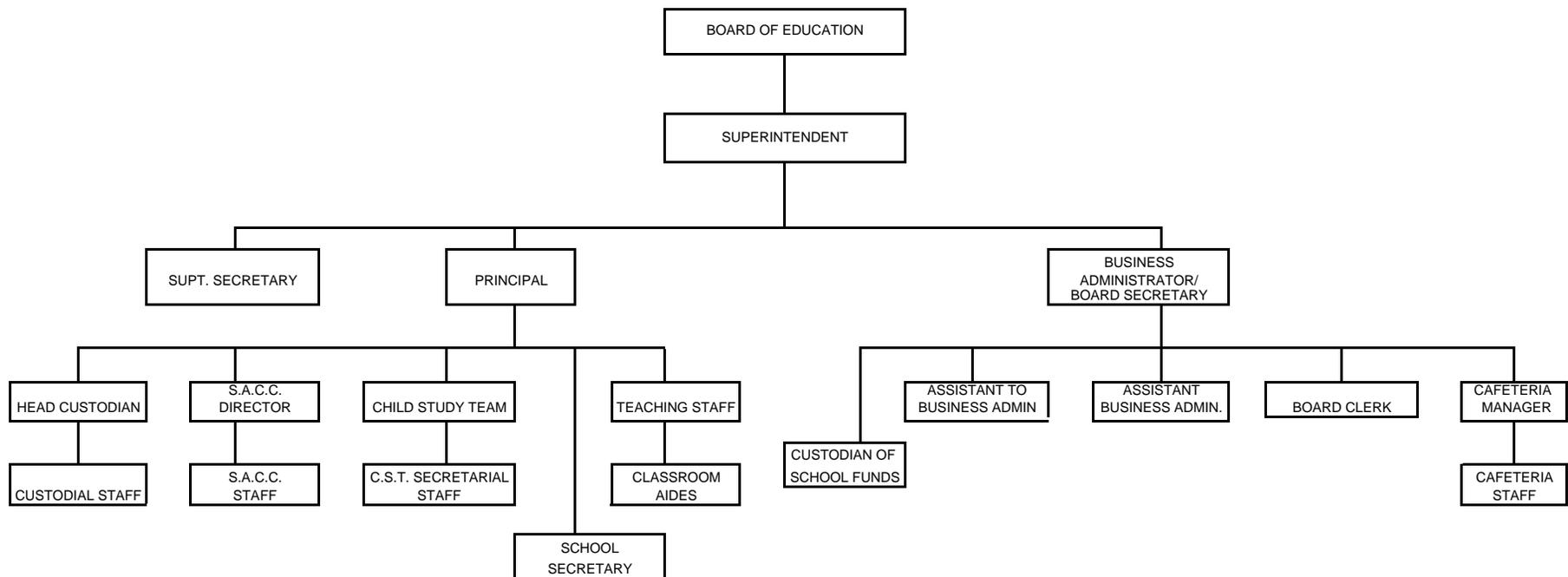
We would like to express our appreciation to the members of the Alloway Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

Robert J. Bazzel  
Robert J. Bazzel, Superintendent

Rebecca S. Joyce  
Rebecca S. Joyce, Business Administrator

## ALLOWAY TOWNSHIP SCHOOL DISTRICT ORGANIZATIONAL STRUCTURE



**ALLOWAY TOWNSHIP BOARD OF EDUCATION  
ALLOWAY, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2011**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
A. David Lounsbury, President	2013
Richard C. Morris, Vice President	2014
Michael Clarke	2014
Michael Dennison	2012
Philip Donohue	2013
Joseph Dyer, Jr.	2012
Albert Floyd	2012
Colleen Fulmer	2014
Meghan Price	2013

**OTHER OFFICIALS**

Robert Bazzel, Superintendent

Rebecca S. Joyce, Business Administrator/Board Secretary

Kevin Crouch, Treasurer

**ALLOWAY TOWNSHIP BOARD OF EDUCATION**  
**Alloway, New Jersey**

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Petroni & Associates LLC  
Certified Public Accountants  
21 West High Street  
P. O. Box 279  
Glassboro, NJ 08028

**ATTORNEY**

Frank P. Cavallo, Jr.  
Parker McCay, P.A.  
9000 Midlantic Drive, Suite 300  
PO Box 5054  
Mount Laurel, NJ 08054-1539

**OFFICIAL DEPOSITORY**

The Bank  
1 South Main Street  
Woodstown, NJ 08098

**FINANCIAL SECTION**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and  
Members of the Board of Education  
Alloway Township School District  
43 Cedar Street  
Alloway, New Jersey 08001

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2011, on our consideration of the Alloway Township School Board of Education's internal control over financial reporting and our test 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 our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison information referenced in the outline of C.A.F.R. are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 inquires of management about the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alloway Township School Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* respectively, and is also not a required part of the basic financial statements. The combining and individual fund financial statements and the schedules of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542

September 7, 2011

**Required Supplementary Information – Part I**

**Alloway Township School District  
Alloway, New Jersey**

**Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2011  
Unaudited**

This section of the Alloway Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter at the beginning of this report and the District's financial statement.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term and long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The *governmental funds statements* tell how *basic* services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds statements* offer *short-term and long-term* financial information about activities the District operates *like 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.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 below summarizes the major features of the District's financial statements, including the portion of the District'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.

**Alloway Township School District  
Alloway, New Jersey**

**Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2011  
Unaudited**

**Figure 1: Major Features of the District-wide and Fund Financial Statements**

	<b>District-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
<b>Required Financial Statements</b>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of Asset/Liability</b>	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	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during the 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	All additions and deductions during the year, regardless of when cash is received or paid

**Alloway Township School District  
Alloway, New Jersey**

**Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2011  
Unaudited**

**District-wide Financial Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's overall financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service program and SACC program would be included here.

**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 establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts or completing approved capital projects) or to show that it is properly using certain revenues (such as federal grants).

The District has four kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader 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, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

**Alloway Township School District  
Alloway, New Jersey**

**Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2011  
Unaudited**

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flow.
- *Internal service funds:* (the other kind of proprietary fund) are optional and utilized to report activities that provide supplies and services for other District programs and activities and for other Districts. The District currently has internal service funds for shared business services, child study team services and shared superintendent services.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**Financial Analysis of the District as a Whole**

**Figure 2**

<b>Alloway Township School District's Net Assets</b>						
	<b>2011</b>		<b>2010</b>		<b>Total</b>	
	<u>Governmental</u>	<u>Business- Type</u>	<u>Governmental</u>	<u>Business- Type</u>	<b>2011</b>	<b>2010</b>
<b>Assets</b>						
Current and other assets	1,197,022	24,915	1,051,797	31,984	1,221,937	1,083,781
Capital assets	6,440,163	4,884	6,648,720	5,698	6,445,047	6,654,418
<b>Total assets</b>	<b><u>7,637,185</u></b>	<b><u>29,799</u></b>	<b><u>7,700,517</u></b>	<b><u>37,682</u></b>	<b><u>7,666,984</u></b>	<b><u>7,738,199</u></b>
<b>Liabilities</b>						
Current liabilities	69,529	4,774	130,056	802	74,303	130,858
Noncurrent liabilities	2,789,145	1,525	2,923,646	1,450	2,790,670	2,925,096
<b>Total liabilities</b>	<b><u>2,858,674</u></b>	<b><u>6,299</u></b>	<b><u>3,053,702</u></b>	<b><u>2,252</u></b>	<b><u>2,864,973</u></b>	<b><u>3,055,954</u></b>
<b>Net assets</b>						
Invested in capital assets, Net of related debt	3,774,163	4,884	3,832,720	5,698	3,779,047	3,838,418
Restricted	1,127,071		1,002,695		1,127,071	1,002,695
Unrestricted	(122,723)	18,616	(188,600)	29,732	(104,107)	(158,868)
<b>Total net assets</b>	<b><u>4,778,511</u></b>	<b><u>23,500</u></b>	<b><u>4,646,815</u></b>	<b><u>35,430</u></b>	<b><u>4,802,011</u></b>	<b><u>4,682,245</u></b>

**Net assets** - The District's combined total assets are \$7,666,984 on June 30, 2011, (See Exhibit A-1). Approximately .4% of the total net assets are from business-type activities, while the balance of the total net assets is 99.6%, attributable to governmental activities.

**Alloway Township School District  
Alloway, New Jersey**

**Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2011  
Unaudited**

**Alloway Township School District's Net Assets  
Changes in Net Assets**

	2011		2010		Total	
	Governmental	Business- Type	Governmental	Business- Type	2011	2010
<b>Revenues</b>						
Program revenues						
Charges for services	363,828	189,019	348,510	198,910	552,847	547,420
Operating grants and contributions	301,125	37,070	260,757	38,474	338,195	299,231
General revenues						
Property taxes	3,591,120		3,597,120		3,591,120	3,597,120
Grants and entitlements	3,982,331		3,994,238		3,982,331	3,994,238
Other	106,721		37,274		106,721	37,274
<b>Total revenues</b>	<b>8,345,125</b>	<b>226,089</b>	<b>8,237,899</b>	<b>237,384</b>	<b>8,571,214</b>	<b>8,475,283</b>
<b>Expenses</b>						
Instruction-related	2,505,583		2,531,815		2,505,583	2,531,815
Student support services	2,537,300		2,846,545		2,537,300	2,846,545
School administration	146,887		141,964		146,887	141,964
General administration	244,751		245,370		244,751	245,370
Central services	349,543		347,006		349,543	347,006
Administrative info. technology	599		2,215		599	2,215
Plant operations & maintenance	427,586		400,333		427,586	400,333
Pupil transportation	336,347		344,806		336,347	344,806
Employee benefits	1,289,557		1,239,243		1,289,557	1,239,243
Interest on debt	115,640		121,640		115,640	121,640
Food service		157,558		163,777	157,558	163,777
Unallocated depreciation	232,016		230,219		232,016	230,219
Other	27,620	80,461		76,174	108,081	76,174
<b>Total expenses</b>	<b>8,213,429</b>	<b>238,019</b>	<b>8,451,156</b>	<b>239,951</b>	<b>8,451,448</b>	<b>8,691,107</b>
Transfers			(10,000)	10,000		
<b>Increase (decrease) in net assets</b>	<b>131,696</b>	<b>(11,930)</b>	<b>(223,257)</b>	<b>7,433</b>	<b>119,766</b>	<b>(215,824)</b>

**Changes in net assets** - The District's total revenues are \$8,571,214 for the fiscal period ended June 30, 2011, (See Exhibit A-2). The revenue breakout for all funds is as follows: Property taxes 42%, grants and entitlements 46% and the remainder, 12% from fees charged for services and miscellaneous resources.

The District's predominant expenses are related to instruction and student support services which is approximately 60%. Another 5% each is related to Maintenance & Operations. Administrative & Business departments accounts for 9%. Transportation expenses make up 4% of the District's expenses. Employee benefits make up 15% of the District's expenses and interest on debt service accounts for 1%. Depreciations accounts for 3% and Proprietary Fund such as Food Service and Childcare 3%.

**Alloway Township School District  
Alloway, New Jersey**

**Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2011  
Unaudited**

**Governmental Activities**

Revenues for governmental activities were \$8,345,125 while total expenses amounted to \$8,213,429 (See Exhibit A-2). This resulted in an increase in net assets in governmental activities of \$131,696 for 2011 and (\$223,257) for 2010.

Overall, the District's financial position can be credited to increased revenue and controlling expenses due to the impending state budget crisis, and the District securing grants to supplement local and state funding.

**Business-Type Activities**

Revenues of the District's business-type activities (food and nutrition services and after school child care) were comprised of charges for services, federal and state reimbursements and investment earnings:

- Business-type activities expenditures exceeded revenues by \$11,930.
- Charges for services represent \$189,019 of revenue. This represents amounts paid by patrons.
- Federal and state reimbursements include payments for free & reduced lunches and special milk and donated commodities were \$37,070.

**Financial Analysis of the District's Funds**

The strong financial performance of the District as a whole is primarily reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$1,085,354 (See Exhibit B-1). The District also controlled expenditures. Fund balance for the General Fund had an increase of \$210,378.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Transfers of available funds into the capital account.
- Transfers between budgetary line accounts to prevent overruns.

The District's final budget anticipated utilizing \$359,548 in fund balance and \$20,182 of prior year encumbrances for this fiscal period. Due to the impending State budget crisis, actual expenditures in the fiscal year was minimized, there was an increase of \$210,378 in fund balance.

**Capital Assets**

The Alloway Township School investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounted to \$6,445,047 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and furniture (more detailed information about capital assets can be found in Note 5 to the financial statements).

**Alloway Township School District  
Alloway, New Jersey**

**Management's Discussion & Analysis  
Fiscal Year Ended June 30, 2011  
Unaudited**

**Alloway Township School District's Capital Assets**

	2011		2010		Total	
	Governmental	Business- Type	Governmental	Business- Type	2011	2010
Land	153,751		153,751		153,751	153,751
Construction in progress			45,106			
Site improvements	75,518		15,537		75,518	15,537
Buildings	6,130,887		6,351,114		6,130,887	6,351,114
Machinery & equipment	80,007	4,884	83,212	5,698	84,891	88,910
<b>Total</b>	<b>6,440,163</b>	<b>4,884</b>	<b>6,648,720</b>	<b>5,698</b>	<b>6,445,047</b>	<b>6,654,418</b>

**Long-Term Debt**

At year-end, the District had \$2,666,000 in general obligation bonds and other long-term debt outstanding. During fiscal year 2004-2005, the District sold \$3.4 million in general obligation bonds to help finance facilities construction and improvements throughout the District.

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- State Formula Aid for the fiscal year 2011-2012 increased due to a change in the state aid formula funding.
- The District also received an allocation of \$127,852 for federally funded Education Jobs Fund Program.
- The District's special revenue is an unpredictable revenue source. The District avails itself of every grant opportunity to increase educational opportunities for the students.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Rebecca S. Joyce, Business Administrator, Alloway Township School District, P.O. Box 327, 43 Cedar Street, Alloway, NJ 08001.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Statement of Net Assets  
June 30, 2011

	Governmental Activities	Business-type Activities	Totals FY 2011
<u>ASSETS</u>			
Cash and cash equivalents	615,127	23,174	638,301
Receivables, net	137,232	359	137,591
Inventory		1,382	1,382
Restricted assets:			
Capital reserve account - cash	444,663		444,663
Capital assets			
Non-depreciable assets	153,751		153,751
Assets net of depreciation	6,286,412	4,884	6,291,296
Total assets	<u>7,637,185</u>	<u>29,799</u>	<u>7,666,984</u>
<u>LIABILITIES</u>			
Cash overdraft	58,894		58,894
Accounts payable	4,221		4,221
Payable to state government	6,414		6,414
Deferred revenue		4,774	4,774
Noncurrent liabilities:			
Due within one year	150,000		150,000
Due beyond one year	2,639,145	1,525	2,640,670
Total liabilities	<u>2,858,674</u>	<u>6,299</u>	<u>2,864,973</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	3,774,163	4,884	3,779,047
Restricted for:			
Capital projects	444,663		444,663
Other purposes	682,408		682,408
Unrestricted	(122,723)	18,616	(104,107)
Total net assets	<u>4,778,511</u>	<u>23,500</u>	<u>4,802,011</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	1,883,236			(1,883,236)		(1,883,236)
Special education	505,399		201,168	(304,231)		(304,231)
Other special education	86,247			(86,247)		(86,247)
Other instruction	30,701			(30,701)		(30,701)
Support services:						
Tuition	2,017,170			(2,017,170)		(2,017,170)
Student & instructional related services	520,130	81,500	88,232	(350,398)		(350,398)
General administration	244,751	78,966		(165,785)		(165,785)
School administrative services	146,887			(146,887)		(146,887)
Central services	349,543	203,362		(146,181)		(146,181)
Administration information tech.	599			(599)		(599)
Plant operations & maintenance	427,586			(427,586)		(427,586)
Pupil transportation	336,347			(336,347)		(336,347)
Employee benefits	1,289,557		11,725	(1,277,832)		(1,277,832)
Interest on long-term debt	115,640			(115,640)		(115,640)
Capital outlay	27,620			(27,620)		(27,620)
Unallocated depreciation	232,016			(232,016)		(232,016)
Total governmental activities	8,213,429	363,828	301,125	(7,548,476)		(7,548,476)
Business-type activities:						
Food service	157,558	111,148	37,070		(9,340)	(9,340)
Other activities	80,461	77,871			(2,590)	(2,590)
Total business-type activities	238,019	189,019	37,070		(11,930)	(11,930)
Total primary government	8,451,448	552,847	338,195	(7,548,476)	(11,930)	(7,560,406)
General revenues:						
Taxes:						
Property taxes, levied for general purpose, net				3,325,480		3,325,480
Taxes levied for debt service				265,640		265,640
Federal and State aid not restricted				3,982,331		3,982,331
Tuition charges				29,339		29,339
Transportation charges				10,310		10,310
Investment earnings				24,696		24,696
Miscellaneous income				42,376		42,376
Total general revenues, special items, extraordinary items and transfers				7,680,172		7,680,172
Change in net assets				131,696	(11,930)	119,766
Net assets - beginning				4,646,815	35,430	4,682,245
Net assets - end				4,778,511	23,500	4,802,011

See accompanying notes to the basic financial statements.

**FUND FINANCIAL STATEMENTS**

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2011

	General Fund	Special Revenue Fund	Total FY 2011
<b><u>ASSETS</u></b>			
Cash and cash equivalents	571,694		571,694
Receivables net	21,141		21,141
Receivables from other governments	48,884	67,207	116,091
Restricted cash and cash equivalents	444,663		444,663
<b>Total Assets</b>	<b><u>1,086,382</u></b>	<b><u>67,207</u></b>	<b><u>1,153,589</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Cash overdraft		58,894	58,894
Accounts payable	1,028	1,899	2,927
Payable to state government		6,414	6,414
<b>Total liabilities</b>	<b><u>1,028</u></b>	<b><u>67,207</u></b>	<b><u>68,235</u></b>
Fund balances:			
Reserved for:			
Excess surplus - current year	418,560		418,560
Excess surplus - prior year - designated for subsequent year's expenditures	130,553		130,553
Maintenance reserve	40,000		40,000
Capital reserve	444,663		444,663
Committed to:			
Other purposes	3,643		3,643
Assigned to:			
Designated by the BOE for subsequent year's expenditures	93,295		93,295
Unassigned:			
General fund	(45,360)		(45,360)
<b>Total fund balances</b>	<b><u>1,085,354</u></b>		<b><u>1,085,354</u></b>
<b>Total liabilities and fund balances</b>	<b><u>1,086,382</u></b>	<b><u>67,207</u></b>	

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2011

	<u>FY 2011</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 assets is \$9,974,555 and the accumulated depreciation is \$3,534,392 (See Note 6).	6,440,163
Internal Service Funds are used by management to charge the costs of certain activities, such as business services and food service to other governments. Assets and liabilities of the Internal Service Funds of \$42,502 less \$363 which represents food service and are included in business-type activities in the Statement of Net Assets.	42,139
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	<u>(2,789,145)</u>
Net assets of governmental activities	<u><u>4,778,511</u></u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total FY 2011
<b><u>REVENUES</u></b>					
Local tax levy	3,325,480			265,640	3,591,120
Tuition charges	29,339				29,339
Transportation charges	10,310				10,310
Interest earned on investments	12,705				12,705
Interest earned on capital reserve funds	11,991				11,991
Miscellaneous	42,376	6,076			48,452
	3,432,201	6,076		265,640	3,703,917
State sources	3,982,331	2,444			3,984,775
Federal sources		292,605			292,605
Total revenues	7,414,532	301,125		265,640	7,981,297
<b><u>EXPENDITURES</u></b>					
Current:					
Regular instruction	1,871,789				1,871,789
Special education instruction	304,251	201,168			505,419
Other special instruction	85,507				85,507
Other instruction	30,701				30,701
Support services & undistributed costs:					
Tuition	2,017,170				2,017,170
Student & instruction related services	358,087	88,232			446,319
General administration	165,785				165,785
School administrative services	146,887				146,887
Central services	150,023				150,023
Administration information tech.	599				599
Plant operations and maintenance	427,836				427,836
Pupil transportation	336,347				336,347
Employee benefits	1,277,832	11,725			1,289,557
Debt service:					
Principal				150,000	150,000
Interest and other charges				115,640	115,640
Capital outlay	31,340		19,739		51,079
Total expenditures	7,204,154	301,125	19,739	265,640	7,790,658
Excess (Deficiency) of revenues over expenditures	210,378		(19,739)		190,639
Net change in fund balances	210,378		(19,739)		190,639
Fund balance - July 1	874,976		19,739		894,715
Fund balance - June 30	1,085,354				1,085,354

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2011

Total net change in fund balances - governmental funds (from B-2)	190,639
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Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

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

	23,459	
Capital outlays	23,459	
Depreciation expense	<u>(232,016)</u>	(208,557)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

Bond principal payments	150,000
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Internal service funds are used by management to charge the costs of certain activities, such as shared business services and child study team consortium. The operating income \$15,118 less \$5 for food service are included in the governmental activities and Statement of Net Assets (see Exhibit G-5).

	15,113
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In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.

	<u>(15,499)</u>
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Change in net assets of governmental activities	<u><u>131,696</u></u>
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See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Statement of Net Assets  
Proprietary Funds  
June 30, 2011

	<u>Business-type Activities</u>		<u>Totals</u> FY 2011	<u>Governmental</u> <u>Activities -</u> <u>Internal</u> <u>Service Fund</u>
	<u>Food</u> <u>Service</u> <u>Fund</u>	<u>Other</u> <u>Funds</u>		
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	6,151	16,660	22,811	43,796
Accounts Receivable:				
Other		359	359	
Inventory	1,382		1,382	
Total Current assets	<u>7,533</u>	<u>17,019</u>	<u>24,552</u>	<u>43,796</u>
Noncurrent assets:				
Furniture, machinery & equipment	61,214		61,214	
Less: accumulated depreciation	(56,330)		(56,330)	
Total non-current assets	<u>4,884</u>		<u>4,884</u>	
Total assets	<u>12,417</u>	<u>17,019</u>	<u>29,436</u>	
<b>LIABILITIES:</b>				
Intergovernmental accounts payable				1,294
Deferred revenue		4,774	4,774	
Compensated absences	1,525		1,525	
Total liabilities	<u>1,525</u>	<u>4,774</u>	<u>6,299</u>	<u>1,294</u>
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	4,884		4,884	
Unrestricted	6,008	12,245	18,253	42,502
Total net assets	<u>10,892</u>	<u>12,245</u>	<u>23,137</u>	<u>42,502</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2011

	Business-type Activities Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Activities	Totals FY 2011	
<b>OPERATING REVENUES:</b>				
Local sources:				
Daily sales-reimbursable programs	62,128		62,128	
Daily sales-special milk program	392		392	
Daily sales non-reimbursable programs	37,393		37,393	
Other charges and fees				375,063
Community service activities		77,871	77,871	
<b>Total operating revenue</b>	<b>99,913</b>	<b>77,871</b>	<b>177,784</b>	<b>375,063</b>
<b>OPERATING EXPENSES:</b>				
Salaries	51,617	64,958	116,575	293,603
Employee benefits	25,899	5,932	31,831	62,297
Purchased professional/technical services	1,921		1,921	
Other purchased services (400-500 series)		1,995	1,995	1,964
Supplies and materials	1,025	6,351	7,376	1,241
Cost of sales	64,436		64,436	
Miscellaneous other expenses	616	1,225	1,841	840
Depreciation	814		814	
<b>Total operating expenses</b>	<b>146,328</b>	<b>80,461</b>	<b>226,789</b>	<b>359,945</b>
<b>Operating income (loss)</b>	<b>(46,415)</b>	<b>(2,590)</b>	<b>(49,005)</b>	<b>15,118</b>
<b>NON-OPERATING REVENUES:</b>				
State sources:				
National school lunch program - State	1,690		1,690	
Federal sources:				
National school lunch program	29,593		29,593	
Special milk program	279		279	
Food distribution program	5,508		5,508	
<b>Total non-operating revenues (expenses)</b>	<b>37,070</b>		<b>37,070</b>	
<b>Net income (loss)</b>	<b>(9,345)</b>	<b>(2,590)</b>	<b>(11,935)</b>	<b>15,118</b>
<b>Total net assets - beginning</b>	<b>20,237</b>	<b>14,835</b>	<b>35,072</b>	<b>27,384</b>
<b>Total net assets - ending</b>	<b>10,892</b>	<b>12,245</b>	<b>23,137</b>	<b>42,502</b>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2011

	Business-type Activities Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Activities	Totals FY 2011	
Cash flows from operating activities:				
Receipts from customers	99,913	82,236	182,149	374,153
Payments to suppliers	(60,794)	(9,571)	(70,365)	(4,045)
Payments to employees	(51,542)	(64,958)	(116,500)	(293,603)
Payments for employee benefits	(25,899)	(5,932)	(31,831)	(62,297)
Net cash provided (used) by operating activities	<u>(38,322)</u>	<u>1,775</u>	<u>(36,547)</u>	<u>14,208</u>
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	<u>33,681</u>		<u>33,681</u>	
Net cash provided by non-capital financing activities	<u>33,681</u>		<u>33,681</u>	
Net increase in cash & cash equivalents	(4,641)	1,775	(2,866)	14,208
Cash and cash equivalents - July 1	<u>10,792</u>	<u>14,885</u>	<u>25,677</u>	<u>29,588</u>
Cash and cash equivalents - June 30	<u><u>6,151</u></u>	<u><u>16,660</u></u>	<u><u>22,811</u></u>	<u><u>43,796</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities: Operating income (loss)	(46,415)	(2,590)	(49,005)	15,118
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	814		814	
Food distribution program	5,508		5,508	
Change in assets and liabilities:				
Increase (decrease) in accts. receivable		393	393	
(Increase) decrease in inventory	1,696		1,696	
Increase (decrease) in deferred revenue		3,972	3,972	
Increase in accounts payable				(910)
Increase in compensated absences	75		75	
	<u>(38,322)</u>	<u>1,775</u>	<u>(36,547)</u>	<u>14,208</u>

See accompanying notes to the basic financial statements.

EXHIBIT B-7

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011

	<u>FY 2011</u>
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	43,342
Total assets	<u>43,342</u>
<b>LIABILITIES</b>	
Current liabilities:	
Due to student groups	14,623
Payroll deductions and withholdings	28,719
Total current liabilities	<u>43,342</u>

See accompanying notes to the basic financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

The Alloway Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are 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.

The financial statements of the Board of Education of Alloway Township School District have been prepared in conformity with accounting principles generally accepted in the United States of America (G.A.A.P.) as applied to governmental units. The Governmental Accounting Standards Board (G.A.S.B.) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (G.A.S.B.) and the pronouncements of the Financial Accounting Standards Board (F.A.S.B.) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict (G.A.S.B.) pronouncements. Although the District has the option to apply (F.A.S.B.) pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in (G.A.A.P.) and used by the District are discussed below.

**A. Reporting Entity**

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

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

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

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

**B. Government-wide Statements**

The School District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects and debt service are classified as governmental activities. The District's food service and latchkey programs are classified as business-type activities.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide Statements**

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and business-type activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or business-type activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as depreciation expense, on-behalf of Teachers' Pensions and Annuity Fund (T.P.A.F.) Pension contributions, and T.P.A.F. Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

**C. Fund Financial Statements**

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

The District reports the following governmental funds:

**GOVERNMENTAL FUNDS**

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

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

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Fund Financial Statements (Continued)**

General Fund (Continued)

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

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

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

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

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

**PROPRIETARY FUNDS**

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

Enterprise Funds - The Enterprise Funds account for all revenues and expenses pertaining to the Board's operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund and Child Care.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Fund Financial Statements (Continued)  
FIDUCIARY FUNDS**

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and therefore not available to support District programs. The reporting focus is on net assets, changes in net assets, and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. G.A.S.B. No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The fiduciary funds include Student Activity Fund, Payroll, Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It also related to the timing of the measurement made regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Basis of Accounting (Continued)**

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

**E. Cash and Cash Equivalents**

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. New Jersey statute (N.J.S.A. 18A:20-37) provides a list of permissible investments that may be purchased by New Jersey School Districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of Governmental Unit Deposit Protection Act (G.U.D.P.A.). G.U.D.P.A. was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**F. Inventories**

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in first-out method. Inventory in the Food Service Fund at June 30, 2011, consisted of the following:

Food - Commodities	987
Food	<u>395</u>
	<u><u>1,382</u></u>

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Inventories (Continued)**

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

**G. Capital Assets**

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site improvements	15-20
Building & improvements	20-50
Machinery & equipment	5-20

**H. Revenues**

Substantially all governmental fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASB No. 33. In applying GASB 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**I. Expenditures**

Expenses are recognized when the related fund liability is incurred. Inventory costs reported in the period when inventory items are used, rather than in the period purchased.

**J. Compensated Absences**

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

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Compensated Absences (Continued)**

In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide Financial Statements as a Governmental Activity.

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

**K. Interfund Receivables/Payables**

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

**L. Accrued Salaries and Wages**

None of the School District's employees who provide services to the District over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year.

**M. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Budgets/Budgetary Control (Continued)**

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

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

**N. Encumbrances**

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

Open encumbrances in the Special Revenue Fund, for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

**O. Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**P. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Q. Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Allocation of Indirect Expenses (Continued)**

dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**S. Use of Estimates**

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

**NOTE 2: CASH AND CASH EQUIVALENTS**

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Depository Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2011 and 2010, was \$1,067,412 and \$825,309. As of June 30, 2011 and 2010, \$0 of the District's bank balance of \$1,354,914 and \$1,008,459, respectively, was exposed to custodial credit risk.

**NOTE 3: INVESTMENTS**

As of June 30, 2011 and 2010, the District did not have any investments.

Interest Rate Risk - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statute N.J.S.A. 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk - New Jersey statute N.J.S.A. 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 3: INVESTMENTS (CONTINUED)**

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

**NOTE 4: RECEIVABLES**

Receivables at June 30, 2011, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	48,884	
Other	21,141	359
Federal aid	67,207	
	<u>137,232</u>	<u>359</u>

**NOTE 5: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Board of Education by inclusion of \$5,000 on September 28, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

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

The June 30, 2011, L.R.F.P. balance of local support costs of uncompleted capital projects is \$1,380,000.

Beginning balance, July 1, 2010	432,672
Interest earnings	11,991
Ending balance June 30, 2011	<u>444,663</u>

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 6: CAPITAL ASSETS**

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2011.

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2011</u>
Governmental activities:				
Capital assets not being depreciated				
Construction in progress	45,106		45,106	
Sites (land)	<u>153,751</u>			<u>153,751</u>
Total capital assets not being depreciated	<u>198,857</u>		<u>45,106</u>	<u>153,751</u>
Site Improvements	92,474	64,845		157,319
Building & building improvements	9,053,628			9,053,628
Machinery & equipment	<u>606,137</u>	<u>3,720</u>		<u>609,857</u>
Totals at historical cost	<u>9,752,239</u>	<u>68,565</u>		<u>9,820,804</u>
Less: accumulated depreciation				
Site Improvements	(76,937)	(4,864)		(81,801)
Building & building improvements	(2,702,514)	(220,227)		(2,922,741)
Machinery & equipment	<u>(522,925)</u>	<u>(6,925)</u>		<u>(529,850)</u>
Total accumulated depreciation	<u>(3,302,376)</u>	<u>(232,016)</u>		<u>(3,534,392)</u>
Governmental activities capital assets, net	<u>6,648,720</u>	<u>(163,451)</u>	<u>45,106</u>	<u>6,440,163</u>
Business-type activities:				
Machinery & equipment	61,214			61,214
Less: accumulated depreciation	<u>(55,516)</u>	<u>(814)</u>		<u>(56,330)</u>
Business-type capital assets, net	<u>5,698</u>	<u>(814)</u>	None	<u>4,884</u>

Depreciation was charged as an unallocated expense since it could not be specifically identified to one program/function for governmental activities.

**NOTE 7: GENERAL LONG-TERM DEBT**

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

\$3,416,000 School Bonds dated March 1, 2005, payable in annual installments through March 1, 2025. Interest is paid semi-annually at an interest rate from 4% to 4.25%. The remaining balance at June 30, 2011, was \$2,666,000.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)**

Long-term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2011, are as follows:

	Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2011</u>	<u>Due within one year</u>
Compensated absences	107,646	18,450	2,951	123,145	
Bonds payable	<u>2,816,000</u>		<u>150,000</u>	<u>2,666,000</u>	<u>150,000</u>
	<u><u>2,923,646</u></u>	<u><u>18,450</u></u>	<u><u>152,951</u></u>	<u><u>2,789,145</u></u>	<u><u>150,000</u></u>

Bonds Payable

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

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	150,000	109,640	259,640
2013	150,000	103,640	253,640
2014	185,000	97,640	282,640
2015	185,000	90,240	275,240
2016	196,000	82,840	278,840
2017-2021	1,000,000	294,500	1,294,500
2022-2024	<u>800,000</u>	<u>85,000</u>	<u>885,000</u>
	<u><u>2,666,000</u></u>	<u><u>863,500</u></u>	<u><u>3,529,500</u></u>

Bonds Authorized but Not Issued

As of June 30, 2011, the Board has \$0 of bonds authorized but not issued.

Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)**

Other (Continued)

For the year ended June 30, 2011, it is not necessary for the Board to establish a liability for arbitrage rebate.

Compensated absences are recorded as long-term liabilities due in more than one year.

**NOTE 8: PENSION FUNDS**

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System, (P.E.R.S.), or Teachers' Pension and Annuity Fund (T.P.A.F.) a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archieve.htm](http://www.state.nj.us/treasury/pensions/annrpts_archieve.htm).

Teachers' Pension and Annuity Fund (T.P.A.F.) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing, multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified titles.

Public Employees' Retirement System (P.E.R.S.) - The Public Employees' Retirement System (P.E.R.S.) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is generally required for 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 or other state or local jurisdiction.

Funding Policy - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provide for employee contributions of 5.5% of employees' annual compensation, as defined. T.P.A.F. provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S. and T.P.A.F. The P.E.R.S. rate in effect for April 2011 are 11.05% of covered payroll, respectively as reported on June 30, 2009. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 8: PENSION FUNDS (CONTINUED)**

Funding Policy - (Continued)

The District's contributions to P.E.R.S. for the years ending June 30, 2011, 2010 and 2009 were \$66,679, \$50,000 and \$42,837 respectively, equal to the required contributions for each year. The School District's contributions to T.P.A.F. for the years ending June 30, 2011, 2010 and 2009 were \$189,118, \$178,269 and \$166,542 respectively, and paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year.

The Board's total payroll for the year ended June 30, 2011, 2010 and 2009 were \$3,665,781, \$3,666,372 and \$3,626,302, covered payroll was \$2,845,475, \$2,772,470 and \$2,752,011 for T.P.A.F. and \$515,159, \$603,582 and \$596,378 for P.E.R.S.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (D.C.R.P.) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.A.C. 43:15C-1 et. seq.). The D.C.R.P. provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial, not later than the fifth business day after the date on which the employee is paid for that pay period. The School District made contributions for fiscal year 2011 of \$985 for two employees. The School District did not make any contributions for the fiscal year 2010 and 2009, as no employees participated in this plan.

**NOTE 9: POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating twenty-five years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through (T.P.A.F.) and (P.E.R.S.). It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed, from a 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 P.E.R.S. and the Alternate Benefit Program who retired from a

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 9: POST-RETIREMENT BENEFITS (CONTINUED)**

board of education or county college with twenty-five years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**NOTE 10: DEFERRED COMPENSATION**

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

ING	Lincoln Investment Planning, Inc.
Equitable Life Insurance	MetLife

**NOTE 11: COMPENSATED ABSENCES**

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

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

For the District-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the governmental fund at June 30, 2011, is \$123,145. The liability for compensated absences in the food service fund at June 30, 2011, is \$1, 525.

**NOTE 12: LABOR CONTRACTS**

As of June 30, 2011, the District's employees are organized in the Alloway Education Association collective bargaining unit which is set to expire June 30, 2012.

**NOTE 13: RISK MANAGEMENT**

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

Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20)

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 13: RISK MANAGEMENT (CONTINUED)**

Property and Liability Insurance: (Continued)

of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2011, the District did not incur claims in excess of their coverage.

The District is a member of the New Jersey School Boards Association Insurance Group - ERIC – South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

**NOTE 14: FUND BALANCE APPROPRIATED**

General Fund - (Exhibit B-1) Of the \$1,085,354 fund balance at June 30, 2011, \$3,643 is reserved for encumbrances; \$549,113 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$130,553 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2012); \$444,663 has been reserved in the capital reserve account; \$93,295 has been appropriated and included as anticipated revenue for the year ending June 30, 2012; \$40,000 has been reserved as maintenance reserve; and (\$45,360) is unreserved and undesignated.

Debt Service Fund - There was \$0 fund balance at June 30, 2011.

**NOTE 15: CALCULATION OF EXCESS SURPLUS**

The designation of Reserve Fund Balance – Excess surplus is a required calculation pursuant N.J.S.A. 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011, is \$549,113.

**NOTE 16: DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$45,360 (Exhibit B-1) in the General Fund as of June 30, 2011, as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, G.A.S.B. Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 16: DEFICIT FUND BALANCES (CONTINUED)**

Since the state is recording the last state aid payment in the subsequent fiscal year, the School District can not recognize the last state aid payment on the G.A.A.P. financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

**NOTE 17: ECONOMIC DEPENDENCY**

The District is heavily reliant on state sources to fund the District operations. State sources funded approximately 49% of the District's 2010-2011 governmental operations.

**NOTE 18: OPERATING LEASES**

The District has commitments to lease copy machines under non-cancelable operating leases spanning 48 months. Monthly payments range from \$75-\$485 a month per machine. Total lease payments made during the year ended June 30, 2011, amounted to \$11,682. Future minimum lease payments are as follows:

Year Ended	
June 30	Amount
2012	12,277
2013	11,731
2014	7,050
2015	7,050
	<u>38,108</u>

**NOTE 19: RECENT ACCOUNTING PRONOUNCEMENT**

In February 2009, the Governmental Accounting Standards Board (G.A.S.B.) adopted Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement is effective for fiscal periods beginning after June 15, 2010. The effective date for the District is the fiscal year beginning July 1, 2010. The objective of the statement is to enhance the usefulness of fund balance information providing clearer fund balance classifications and clarifying the existing fund balance type definitions.

**NOTE 20: CONTINGENT LIABILITIES**

The School District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures. It is the opinion of the administration and legal counsels, there exists no litigation or contingent liability that may be pending against the Alloway Township School District that would have a material or adverse effect on the Board or the financial position of the District.

**Required Supplementary Information - Part II**

**Budgetary Comparison Schedules**

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	3,325,480		3,325,480	3,325,480	
Tuition - individuals				1,134	
Tuition - Other LEA's				20,641	
Tuition - Other governments				7,564	
Transportation				10,310	
Interest on investments	5,000		5,000	12,705	7,705
Interest on capital reserve funds	5,000		5,000	11,991	6,991
Miscellaneous	16,000		16,000	42,376	26,376
<b>Total - local sources</b>	<b>3,351,480</b>		<b>3,351,480</b>	<b>3,432,201</b>	<b>41,072</b>
State sources:					
Equalization aid	2,957,656		2,957,656	2,957,656	
Transportation aid	165,824		165,824	165,824	
Special education aid	307,010		307,010	307,010	
Security aid	43,409		43,409	43,409	
Extraordinary aid				42,926	42,926
Nonpublic transportation costs				5,958	5,958
Teachers' Pension & Annuity Fund - non contributory group insurance (on-behalf non-budgeted)				8,503	8,503
T.P.A.F. post retirement medical (on-behalf non-budgeted)				180,615	180,615
Reimbursed T.P.A.F. social security contributions (non-budgeted)				211,684	211,684
<b>Total - state sources</b>	<b>3,473,899</b>		<b>3,473,899</b>	<b>3,923,585</b>	<b>449,686</b>
<b>Total revenues</b>	<b>6,825,379</b>		<b>6,825,379</b>	<b>7,355,786</b>	<b>490,758</b>

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	73,400	30,000	103,400	101,314	2,086
Kindergarten	158,650		158,650	156,403	2,247
Grades 1-5	979,300	(11,400)	967,900	964,682	3,218
Grades 6-8	474,000	(19,000)	455,000	450,814	4,186
Regular programs - home instruction:					
Salaries of teachers	1,100	500	1,600	1,392	208
Purchased professional-education services	2,000	1,000	3,000	2,837	163
Regular programs - undistributed instruction:					
Other salaries for instruction	16,400	1,000	17,400	17,264	136
Purchased professional-education services	800		800	440	360
Purchased technical services	9,750	12,000	21,750	21,563	187
Other purchased services	48,290	(1,500)	46,790	42,276	4,514
General supplies	150,173	(11,500)	138,673	109,596	29,077
Textbooks	1,500		1,500	452	1,048
Miscellaneous expenditures	3,375		3,375	2,756	619
Total regular programs	1,918,738	1,100	1,919,838	1,871,789	48,049
Special education - instruction:					
Learning and/or language disabilities:					
Salaries of teachers	58,915	(57,800)	1,115		1,115
General supplies	500	600	1,100	693	407
Total learning and/or language disabilities	59,415	(57,200)	2,215	693	1,522
Behavioral disabilities:					
Salaries of teachers	1,000		1,000		1,000
General supplies	500		500		500
Total behavioral disabilities	1,500		1,500		1,500
Multiple disabilities:					
Salaries of teachers		30,200	30,200		30,200
Total multiple disabilities		30,200	30,200		30,200
Resource room					
Salaries of teachers	201,000	74,000	275,000	273,853	1,147
Other salaries for instruction	64,150	(37,100)	27,050	27,009	41
General supplies	4,035		4,035	2,696	1,339
Total resource room	269,185	36,900	306,085	303,558	2,527
Total special education	330,100	9,900	340,000	304,251	35,749

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic skills/remedial					
Salaries of teachers	104,715	(11,000)	93,715	85,145	8,570
General supplies	1,100		1,100	362	738
Total basic skills/remedial	105,815	(11,000)	94,815	85,507	9,308
School sponsored co-curricular activities					
Salaries	31,300		31,300	30,701	599
Total school sponsored co-curricular activities	31,300		31,300	30,701	599
Total other instructional programs	137,115	(11,000)	126,115	116,208	9,907
Total - instruction	2,385,953		2,385,953	2,292,248	93,705
Undistributed expenditures					
Instruction:					
Tuition to other LEA's within state-regular	1,925,962	(824)	1,925,138	1,912,578	12,560
Tuition to other LEA's within state-special	115,185		115,185	100,592	14,593
Tuition to county special services district/ regional day schools	21,176	(17,176)	4,000	4,000	
Tuition to private schools for the handicapped-state		18,000	18,000		18,000
Total undistributed expenditures - instruction	2,062,323		2,062,323	2,017,170	45,153
Attendance and social work services					
Salaries	4,025		4,025	4,010	15
Purchased professional/technical services	1,000		1,000		1,000
Total attendance and social work services	5,025		5,025	4,010	1,015
Health services					
Salaries	69,455		69,455	68,749	706
Purchased professional/technical services	5,375		5,375	4,207	1,168
Supplies and materials	2,555		2,555	2,117	438
Total health services	77,385		77,385	75,073	2,312
Related services					
Salaries of teachers	41,800		41,800	41,057	743
Purchased professional-education services	14,000		14,000	3,461	10,539
Supplies and materials	1,100		1,100	984	116
Total related services	56,900		56,900	45,502	11,398
Extraordinary services					
Other salaries for instruction	15,958	(4,000)	11,958	444	11,514
Purchased educational services	7,000	4,000	11,000	10,152	848
Supplies and materials	1,200		1,200	156	1,044
Total extraordinary services	24,158		24,158	10,752	13,406

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - guidance services					
Salaries of other professional staff	66,608		66,608	66,608	
Supplies and materials	3,414		3,414	1,422	1,992
Total other support services - guidance services	70,022		70,022	68,030	1,992
Other support services - child study team					
Salaries of other professional staff	108,000	(2,000)	106,000	103,250	2,750
Salaries of secretarial and clerical	5,740		5,740	21	5,719
Other purchased professional-tech. services	3,000		3,000	2,073	927
Other purchased services	2,200		2,200	1,149	1,051
Supplies and materials	1,200		1,200	1,010	190
Total other support services - child study team	120,140	(2,000)	118,140	107,503	10,637
Improvement of instructional services/other support services - instructional staff					
Salaries of professional staff	2,700		2,700	464	2,236
Total improvement of instructional services/ other support services - instructional staff	2,700		2,700	464	2,236
Educational media services/school library					
Salaries	34,635		34,635	34,155	480
Purchased professional-technical services	2,580		2,580	2,578	2
Other purchased services	3,100		3,100	3,070	30
Supplies and materials	8,396		8,396	6,587	1,809
Total educational media services/school library	48,711		48,711	46,390	2,321
Instructional staff training					
Salaries of other professional staff	2,000		2,000	126	1,874
Purchased professional-education services	1,858		1,858		1,858
Other purchased services	3,800		3,800	237	3,563
Total instructional staff training	7,658		7,658	363	7,295
Support services general administration					
Salaries	107,742		107,742	107,017	725
Legal services	7,000	1,900	8,900	5,593	3,307
Audit services	13,000	(1,900)	11,100	11,100	
Architect/engineering services	2,500		2,500		2,500
Other professional services	6,250		6,250	3,268	2,982
Purchased technical services	2,500		2,500	1,944	556
Communications/telephone	13,750	60	13,810	13,808	2
Other purchased services (400-500 series)	20,300	(60)	20,240	15,899	4,341
Supplies and materials	1,800		1,800	1,683	117
BOE training/meeting supplies	1,800		1,800	148	1,652
Miscellaneous expenditures	2,400		2,400	840	1,560
BOE member dues	5,500		5,500	4,485	1,015
Total support services general administration	184,542		184,542	165,785	18,757

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services school administration					
Salaries of principals/assistant principals	104,782		104,782	104,782	
Salaries of secretarial and clerical assistants	40,600	(300)	40,300	39,338	962
Other purchased services (400-500 series)	500		500	307	193
Supplies and materials	1,300	300	1,600	1,496	104
Other objects	1,200		1,200	964	236
Total support services school administration	148,382		148,382	146,887	1,495
Central services					
Salaries	132,300	2,000	134,300	133,604	696
Purchased technical services	11,810		11,810	10,223	1,587
Other purchased services (400-500 series)	3,000		3,000	2,703	297
Supplies and materials	4,000		4,000	2,373	1,627
Miscellaneous expenditures	1,200		1,200	1,120	80
Total central services	152,310	2,000	154,310	150,023	4,287
Administration information technology					
Salaries	1,720		1,720	599	1,121
Total information technology	1,720		1,720	599	1,121
Required maintenance for school facilities					
Salaries	27,250		27,250	26,727	523
Cleaning, repair and maintenance services	46,400		46,400	25,020	21,380
Total required maintenance for school facilities	73,650		73,650	51,747	21,903
Custodial services					
Salaries non-instructional aides	16,000		16,000	14,270	1,730
Other salaries	135,590		135,590	120,191	15,399
Purchased professional and technical services	6,920		6,920	3,941	2,979
Cleaning, repair and maintenance services	34,500	(6,300)	28,200	13,739	14,461
Other purchased property services	48,000		48,000	37,485	10,515
Insurance	29,600		29,600	24,799	4,801
Miscellaneous purchased services	1,100		1,100	900	200
General supplies	24,000		24,000	19,765	4,235
Energy - electricity	90,000	(900)	89,100	89,083	17
Energy - oil	45,000	7,200	52,200	51,916	284
Total other operation and maintenance of plant services	430,710		430,710	376,089	54,621
Total operation and maintenance of plant services	504,360		504,360	427,836	76,524

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services					
Salaries - non-instructional aides	4,500		4,500	3,702	798
Contracted services (between home and school) - vendors	287,626	(1,000)	286,626	282,413	4,213
Contracted services (other than between home and school) - vendors	6,600		6,600	2,684	3,916
Contracted services (regular students) - joint agreements		3,250	3,250	3,191	59
Contracted services (special education students) - joint agreements	12,000	(2,250)	9,750		9,750
Contracted services (regular students) - E.S.C. and C.T.S.A.	15,000	(7,100)	7,900		7,900
Contracted services (special education students) - E.S.C. and C.T.S.A.	19,675	7,100	26,775	26,677	98
Aid in lieu	29,400		29,400	17,680	11,720
<b>Total student transportation services</b>	<b>374,801</b>		<b>374,801</b>	<b>336,347</b>	<b>38,454</b>
Unallocated benefits					
Social security contributions	47,000	(1,700)	45,300	43,976	1,324
Other retirement contributions - regular	55,900	12,000	67,900	67,664	236
Unemployment compensation	11,000	1,700	12,700	12,686	14
Workers' compensation	29,000		29,000	28,899	101
Health benefits	784,980	(12,000)	772,980	717,549	55,431
Tuition reimbursement	10,000	(2,700)	7,300	3,575	3,725
Other employee benefits		2,700	2,700	2,681	19
<b>Total unallocated benefits</b>	<b>937,880</b>		<b>937,880</b>	<b>877,030</b>	<b>60,850</b>
Teachers' Pension & Annuity Fund - non contributory group insurance (On-behalf non-budgeted)				8,503	(8,503)
T.P.A.F. post retirement medical (On-behalf non-budgeted)				180,615	(180,615)
Reimbursed T.P.A.F. social security contributions (non-budgeted)				211,684	(211,684)
<b>Total non-budgeted</b>				<b>400,802</b>	<b>(400,802)</b>
<b>Total undistributed expenditures</b>	<b>4,779,017</b>		<b>4,779,017</b>	<b>4,880,566</b>	<b>(101,549)</b>
<b>Total expenditures - current expense</b>	<b>7,164,970</b>		<b>7,164,970</b>	<b>7,172,814</b>	<b>(7,844)</b>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Undistributed expenditures					
Instructional equipment	7,520	(2,400)	5,120	3,720	1,400
Operation of plan services		2,400	2,400		2,400
<b>Total equipment</b>	<b>7,520</b>		<b>7,520</b>	<b>3,720</b>	<b>3,800</b>
Facilities acquisition and construction services					
Other objects	27,620		27,620	27,620	
<b>Total facilities acquisition and construction services</b>	<b>27,620</b>		<b>27,620</b>	<b>27,620</b>	
<b>Total capital outlay</b>	<b>35,140</b>		<b>35,140</b>	<b>31,340</b>	<b>3,800</b>

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total expenditures	7,200,110		7,200,110	7,204,154	(4,044)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(374,731)		374,731	151,632	486,714
Fund balances - July 1	1,277,966		1,277,966	1,277,966	
Fund balances - June 30	903,235		1,652,697	1,429,598	486,714

**Recapitulation:**

**Restricted Fund Balance:**

Capital reserve	444,663
Maintenance reserve	40,000
Excess surplus - Designated for subsequent year's expenditures	130,553
Excess surplus - Current year	418,560

**Committed Fund Balance:**

Year-end encumbrances	3,643
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**Assigned Fund Balance:**

Designated for subsequent year's expenditures	93,295
<b>Unassigned Fund Balance</b>	298,884

1,429,598

Reconciliation to Governmental Fund Statements (G.A.A.P.):

Last state aid payment not recognized on G.A.A.P. basis	(344,244)
Fund balance per Governmental Funds (G.A.A.P.)	1,085,354

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal sources	175,542	123,385	298,927	292,610	6,317
State sources		4,342	4,342	2,444	1,898
Local sources		6,076	6,076	6,076	
<b>Total revenues</b>	<b>175,542</b>	<b>133,803</b>	<b>309,345</b>	<b>301,130</b>	<b>8,215</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	50,703	4,398	55,101	55,101	
Other salaries for instruction	46,487	51,006	97,493	97,493	
Purchased professional - technical services		2,913	2,913	1,015	1,898
Other purchased services (400-500 series)	21,486	18,549	40,035	40,035	
Supplies and materials	15,218	(3,913)	11,305	6,956	4,349
Textbooks		568	568	568	
<b>Total instruction</b>	<b>133,894</b>	<b>73,521</b>	<b>207,415</b>	<b>201,168</b>	<b>6,247</b>
Support services:					
Salaries of secretarial and clerical assistants	16,800		16,800	16,800	
Personal services - employee benefits	7,860	3,865	11,725	11,725	
Purchased professional - educational services	2,661	47,669	50,330	48,362	1,968
Purchased professional - technical services	3,800	(601)	3,199	3,199	
Other purchased professional services		674	674	674	
Other purchased services (400-500 series)	5,928	8,448	14,376	14,376	
Supplies and materials		4,826	4,826	4,826	
<b>Total support services</b>	<b>37,049</b>	<b>64,881</b>	<b>101,930</b>	<b>99,962</b>	<b>1,968</b>
Facilities acquisition/construction					
Non-instructional equipment	4,599	(4,599)			
<b>Total expenditures</b>	<b>175,542</b>	<b>133,803</b>	<b>309,345</b>	<b>301,130</b>	<b>8,215</b>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Required Supplementary Information  
 Budget-to-G.A.A.P. Reconciliation  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2011

Note A: Explanation of differences between budgetary inflows and outflows and G.A.A.P. revenues and expenditures

		General Fund N-1		Special Revenue Fund
<b>Sources/inflows of resources:</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1]	7,355,786	[C-2]	301,130
<b>Difference - budget to G.A.A.P.:</b>				
Grant accounting budgetary basis differs from G.A.A.P. in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for G.A.A.P. statements in current year, previously recognized for budgetary purposes.		402,990		
State aid payment recognized for budgetary purposes, not recognized for G.A.A.P. statements.		(344,244)		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	7,414,532	[B-2]	301,130
<b>Uses/outflows of resources:</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1]	7,204,154	[C-2]	301,130
<b>Difference - budget to G.A.A.P.:</b>				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes.				
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	7,204,154	[B-2]	301,130

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2011

	Total Brought Forward Ex. E-1a	Mid Atlantic Dairy	N.J.S.B.A. Safety Incentive Grant	Nonpublic Exam & Classification	Nonpublic Nursing	Nonpublic Supplemental Instruction	Totals	
							FY 2011	FY 2010
<b>REVENUES:</b>								
Federal sources	292,610						292,610	253,313
State sources	755			320	674	695	2,444	3,445
Local sources		1,400	4,676				6,076	3,999
<b>Total revenues</b>	<b>293,365</b>	<b>1,400</b>	<b>4,676</b>	<b>320</b>	<b>674</b>	<b>695</b>	<b>301,130</b>	<b>224,496</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of teachers	55,101						55,101	50,545
Other salaries for instruction	97,493						97,493	69,624
Purchased professional technical services				320		695	1,015	2,559
Other purchased services (400-500 series)	40,035						40,035	22,256
General supplies	5,556	1,400					6,956	16,312
Textbooks	568						568	
<b>Total instruction</b>	<b>198,753</b>	<b>1,400</b>		<b>320</b>		<b>695</b>	<b>201,168</b>	<b>170,656</b>
Support services:								
Salaries of secretarial and clerical assistants	16,800						16,800	15,000
Personal services - employee benefits	11,725						11,725	5,842
Purchased professional - educational services	48,362						48,362	57,758
Purchased professional - technical services	2,442		757				3,199	7,200
Other purchased professional services					674		674	
Other purchased services (400-500 series)	14,376						14,376	9,662
Supplies and materials	907		3,919				4,826	3,999
<b>Total support services</b>	<b>94,612</b>		<b>4,676</b>		<b>674</b>		<b>99,962</b>	<b>53,840</b>
<b>Total expenditures</b>	<b>293,365</b>		<b>4,676</b>	<b>320</b>	<b>674</b>	<b>695</b>	<b>301,130</b>	<b>224,496</b>

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2011

	Total Brought Forward Ex. E-1b	Title I Part A	Title II, Part A Teacher & Principal Training & Recruiting	Title II, Part D Enhancing Education through Technology	Rural Education Achievement Program	Title I Part A ARRA	Total Carried Forward
REVENUES:							
Federal sources	210,836	22,325	20,821	56	36,343	2,229	292,610
State sources	755						755
Total revenues	211,591	22,325	20,821	56	36,343	2,229	293,365
EXPENDITURES:							
Instruction:							
Salaries of teachers	20,808	18,500	8,500		5,064	2,229	55,101
Other salaries for instruction	77,778				19,715		97,493
Purchased professional technical services							
Other purchased services (400-500 series)	39,135				900		40,035
General supplies	1,248				4,308		5,556
Textbooks	568						568
Total instruction	139,537	18,500	8,500		29,987	2,229	198,753
Support services:							
Salaries of secretarial and clerical assistants	16,800						16,800
Personal services - employee benefits	6,528	2,709	650		1,838		11,725
Purchased professional - educational services	45,362		3,000				48,362
Purchased professional - technical services	2,442						2,442
Other purchased services (400-500 series)	922	1,116	7,815	5	4,518		14,376
Supplies and materials			856	51			907
Total support services	72,054	3,825	12,321	56	6,356		94,612
Total expenditures	211,591	22,325	20,821	56	36,343	2,229	293,365

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2011

	I.D.E.A. Basic Part B 2010/2011	I.D.E.A. Preschool 2010/2011	I.D.E.A. Basic Part B ARRA	I.D.E.A. Preschool ARRA	Nonpublic Transportation	Nonpublic Textbooks	Total Carried Forward
REVENUES:							
Federal sources	119,420	4,121	82,696	4,599			210,836
State sources					187	568	755
Total revenues	119,420	4,121	82,696	4,599	187	568	211,591
EXPENDITURES:							
Instruction:							
Salaries of teachers			20,808				20,808
Other salaries for instruction	47,620	4,121	21,438	4,599			77,778
Other purchased services	21,000		17,948		187		39,135
General supplies			1,248				1,248
Textbooks						568	568
Total instruction	68,620	4,121	61,442	4,599	187	568	139,537
Support services:							
Other salaries	16,800						16,800
Personal services - employee benefits			6,528				6,528
Purchased professional educational services	34,000		11,362				45,362
Purchased professional - technical services			2,442				2,442
Other purchased services (400-500 series)			922				922
Total support services	50,800		21,254				72,054
Total expenditures	119,420	4,121	82,696	4,599	187	568	211,591

**CAPITAL PROJECTS FUND**

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 June 30, 2011

<u>Description</u>	<u>Original Date</u>	<u>Amount Authorized</u>	<u>Contractual Orders Prior Years</u>	<u>Contractual Orders Current Year</u>	<u>Unexpended Authorization 6/30/11</u>
Construction of additions and renovations to the Alloway Township School and to make the necessary onsite and offsite improvements and purchase of the necessary furniture and equipment associated with the construction and renovations in these various facilities.	3/2/05	6,083,720	6,063,981	19,739	None

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Capital Projects Fund  
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis  
For the Fiscal Year Ended June 30, 2011

OPERATING EXPENSES:	
Construction services	19,739
Total expenses	<u>19,739</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,739)</u>
Fund balance - beginning	<u>19,739</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis  
 Additions and Alterations to Alloway School  
 From Inception and for the Fiscal Year Ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds	3,416,000		3,416,000	3,416,000
State sources: EDA grant	2,667,720		2,667,720	2,667,720
	<u>6,083,720</u>		<u>6,083,720</u>	<u>6,083,720</u>
Expenditures and other financing uses				
Purchased professional & technical services	670,863		670,863	670,863
Construction services	5,393,118	19,739	5,412,857	5,412,857
	<u>6,063,981</u>	<u>19,739</u>	<u>6,083,720</u>	<u>6,083,720</u>
Excess (deficiency) or revenues over (under) expenditures	<u>19,739</u>	<u>(19,739)</u>		
Additional project information:				
Project number			0060-020-04-1000	
Grant Date			07/19/05	
Bond authorization date			03/02/05	
Bonds authorized			3,416,000	
Bonds issued			3,416,000	
Original authorized cost			6,083,720	
Additional authorized cost			None	
Revised authorized cost			6,083,720	
Percentage increase over original authorized cost:				
Percentage Completion			100%	
Original target completion date			August 2007	
Revised target completion date			March 2008	

**PROPRIETARY FUNDS**

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Net Assets  
For the Fiscal Year Ended June 30, 2011

	Major Funds			
	Business-type Activities			
	Food Service Fund	Other Funds	Totals	
			FY 2011	FY 2010
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	6,151	16,660	22,811	25,677
Accounts receivable:				
State				142
Federal				1,977
Other		359	359	752
Inventory	1,382		1,382	3,078
<b>Total Current assets</b>	<b>7,533</b>	<b>17,019</b>	<b>24,552</b>	<b>31,626</b>
Noncurrent assets:				
Furniture, machinery & equipment	61,214		61,214	61,214
Less: accumulated depreciation	(56,330)		(56,330)	(55,516)
<b>Total Non-current assets</b>	<b>4,884</b>		<b>4,884</b>	<b>5,698</b>
<b>Total assets</b>	<b>12,417</b>	<b>17,019</b>	<b>29,436</b>	<b>37,324</b>
<b>LIABILITIES:</b>				
Deferred revenue		4,774	4,774	802
Compensated absences	1,525		1,525	1,450
<b>Total liabilities</b>	<b>1,525</b>	<b>4,774</b>	<b>6,299</b>	<b>2,252</b>
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	4,884		4,884	5,698
Unrestricted	6,008	12,245	18,253	29,374
<b>Total net assets</b>	<b>10,892</b>	<b>12,245</b>	<b>23,137</b>	<b>35,072</b>

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets  
For the Fiscal Year Ended June 30, 2011

	Major Funds		Totals	
	Business-type Activities		FY 2011	FY 2010
	Food Service Fund	Other Funds		
<b>OPERATING REVENUES:</b>				
Local sources:				
Daily sales-reimbursable programs:	62,128		62,128	66,335
Daily sales special milk program	392		392	607
Daily sales non-reimbursable programs	37,393		37,393	40,097
Community service activities		77,871	77,871	81,171
<b>Total operating revenue</b>	<b>99,913</b>	<b>77,871</b>	<b>177,784</b>	<b>188,210</b>
<b>OPERATING EXPENSES:</b>				
Salaries	51,617	64,958	116,575	110,601
Employee benefits	25,899	5,932	31,831	30,795
Purchased professional - technical services	1,921		1,921	2,213
Other purchased services		1,995	1,995	1,657
Supplies and materials	1,025	6,351	7,376	6,582
Cost of sales	64,436		64,436	70,161
Miscellaneous other expenses	616	1,225	1,841	5,761
Depreciation	814		814	1,525
<b>Total operating expenses</b>	<b>146,328</b>	<b>80,461</b>	<b>226,789</b>	<b>229,295</b>
<b>Operating income (loss)</b>	<b>(46,415)</b>	<b>(2,590)</b>	<b>(49,005)</b>	<b>(41,085)</b>
<b>NON-OPERATING REVENUES:</b>				
State sources:				
National school lunch program - State	1,690		1,690	2,119
Federal sources:				
National school lunch program	29,593		29,593	28,472
Special milk program	279		279	389
Food distribution program	5,508		5,508	7,494
<b>Total non-operating revenues (expenses)</b>	<b>37,070</b>		<b>37,070</b>	<b>38,474</b>
<b>Income (loss) before operating transfers</b>	<b>(9,345)</b>	<b>(2,590)</b>	<b>(11,935)</b>	<b>(2,611)</b>
Board contribution				10,000
<b>Net income (loss)</b>	<b>(9,345)</b>	<b>(2,590)</b>	<b>(11,935)</b>	<b>7,389</b>
<b>Total net Assets - July 1</b>	<b>20,237</b>	<b>14,835</b>	<b>35,072</b>	<b>27,683</b>
<b>Total net assets - June 30</b>	<b>10,892</b>	<b>12,245</b>	<b>23,137</b>	<b>35,072</b>

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Cash Flows  
For the Fiscal Year Ended June 30, 2011

	Major Funds		Totals	
	Business-type Activities		FY 2011	FY 2010
	Food Service Fund	Other Funds		
Cash flows from operating activities:				
Receipts from customers	99,913	82,236	182,149	182,765
Payments to suppliers	(60,794)	(9,571)	(70,365)	(78,054)
Payments to employees	(51,542)	(64,958)	(116,500)	(110,601)
Payments for employee benefits	(25,899)	(5,932)	(31,831)	(30,795)
Net cash provided (used) by operating activities	(38,322)	1,775	(36,547)	(36,685)
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	33,681		33,681	28,861
Board contribution				10,000
Net cash provided by non-capital financing activities	33,681		33,681	38,861
Net increase in cash and cash equivalents	(4,641)	1,775	(2,866)	2,176
Cash and cash equivalents - July 1	10,792	14,885	25,677	23,501
Cash and cash equivalents - June 30	6,151	16,660	22,811	25,677
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(46,415)	(2,590)	(49,005)	(41,085)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	814		814	1,525
Food distribution program	5,508		5,508	7,494
Change in assets and liabilities:				
(Increase) decrease in accts. receivable		393	393	89
(Increase) decrease in inventory	1,696		1,696	826
Increase (decrease) in deferred revenue		3,972	3,972	(5,534)
Increase (decrease) in compensated absences	75		75	
	(38,322)	1,775	(36,547)	(36,685)

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Internal Service Fund  
Combining Schedule of Net Assets  
For the Fiscal Year Ended June 30, 2011

	Business-type Activities					Total	
	Food Services	Superintendent	Custodial	Shared Business Services	Child Study Team Consortium	FY 2011	FY 2010
	ASSETS:						
Current assets:							
Cash and cash equivalents	363	1,294	1,994	12,650	27,495	43,796	29,588
Total assets	363	1,294	1,994	12,650	27,495	43,796	32,058
LIABILITIES AND NET ASSETS:							
Intergovernmental accounts payable		1,294				1,294	2,204
Net assets							
Unrestricted	363		1,994	12,650	27,495	42,502	27,384
Total liabilities and net assets	363	1,294	1,994	12,650	27,495	43,796	29,588

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Internal Service Fund  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets  
For the Fiscal Year Ended June 30, 2011

	Business-type Activities					Total	
	Food	Superintendent	Custodial	Shared	Child	FY 2011	FY 2010
	Services			Business	Study Team		
OPERATING REVENUES:							
Local sources:							
Other charges and fees	11,235	78,966		203,362	81,500	375,063	359,210
Total operating revenue	11,235	78,966		203,362	81,500	375,063	359,210
OPERATING EXPENSES:							
Salaries	3,600	64,669		166,781	58,553	293,603	288,872
Employee benefits	7,630	12,583		28,826	13,258	62,297	55,215
Other purchased services (400-500 series)				1,964		1,964	2,178
Supplies and materials		874		367		1,241	518
Other objects		840				840	1,017
Total operating expenses	11,230	78,966		197,938	71,811	359,945	347,800
Net changes in net assets	5			5,424	9,689	15,118	11,410
Total net assets - July 1	358		1,994	7,226	17,806	27,384	15,974
Total net assets - June 30	363		1,994	12,650	27,495	42,502	15,974

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Internal Service Fund  
Combining Schedule of Cash Flows  
For the Fiscal Year Ended June 30, 2011

	Business-type Activities					Total	
	Food Services	Superintendent	Custodial	Shared Business Services	Child Study Team Consortium	FY 2011	FY 2010
	Cash flows from operating activities						
Receipts from customers	11,235	78,056		203,362	81,500	374,153	361,414
Payments to suppliers		(1,714)		(2,331)		(4,045)	(3,713)
Payments to employees	(3,600)	(64,669)		(166,781)	(58,553)	(293,603)	(288,872)
Payments for employee benefits	(7,630)	(12,583)		(28,826)	(13,258)	(62,297)	(55,215)
Net cash provided (used) by operating activities	5	(910)		5,424	9,689	14,208	13,614
Net increase in cash and cash equivalents	5	(910)		5,424	9,689	14,208	13,614
Cash and cash equivalents - July 1	358	2,204	1,994	7,226	17,806	29,588	15,974
Cash and cash equivalents - June 30	363	1,294	1,994	12,650	27,495	43,796	29,588
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	5			5,424	9,689	15,118	11,410
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:							
Change in assets & liabilities:							
Increase in accounts payable		(910)				(910)	(2,097)
	5	(910)		5,424	9,689	14,208	9,313

## **FIDUCIARY FUNDS**

EXHIBIT H-1

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Combining Statement of Fiduciary Net Assets  
For the Fiscal Year Ended June 30, 2011

	Agency Funds	Total	
		FY 2011	FY 2010
ASSETS:			
Cash and cash equivalents	43,342	43,342	38,774
Total assets	<u>43,342</u>	<u>43,342</u>	<u>38,774</u>
LIABILITIES:			
Due to student groups	14,623	14,623	11,180
Payroll deductions and withholdings	28,719	28,719	27,594
Total liabilities	<u>43,342</u>	<u>43,342</u>	<u>38,774</u>

EXHIBIT H-3

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Student Activity Agency Fund  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
ACTIVITIES:				
Alloway School	11,180	37,348	33,905	14,623

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 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>
<b>ASSETS:</b>				
Cash and cash equivalents	27,594	4,068,586	4,067,461	28,719
Total assets	<u>27,594</u>	<u>4,068,586</u>	<u>4,067,461</u>	<u>28,719</u>
<b>LIABILITIES:</b>				
Employees' net pay		2,344,296	2,344,296	
Payroll deductions and withholdings	27,594	1,724,064	1,722,939	28,719
Interfund payable		226	226	
Total liabilities	<u>27,594</u>	<u>4,068,586</u>	<u>4,067,461</u>	<u>28,719</u>

**LONG-TERM DEBT**

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 General Long-Term Debt Account Group  
 Schedule of Serial Bonds  
 June 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>					
To provide funds for payment of the cost of constructing, constructing an addition to the existing school building, upgrades and renovations to existing areas, air conditioning of existing rooms including school furniture and other equipment as necessary.	03/01/05	3,416,000	3/1/2012-13	150,000	4.00%	2,816,000		150,000	2,666,000
			3/1/2014-15	185,000	4.00%				
			3/1/16	196,000	4.00%				
			3/1/2017-19	200,000	4.00%				
			3/1/2020-25	200,000	4.25%				
						<u>2,816,000</u>	<u>None</u>	<u>150,000</u>	<u>2,666,000</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 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 Positive (Negative) Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	265,640		265,640	265,640	
Total revenues	<u>265,640</u>		<u>265,640</u>	<u>265,640</u>	
EXPENDITURES:					
Regular debt service:					
Interest	115,640		115,640	115,640	
Redemption of principal	150,000		150,000	150,000	
Total regular debt service	<u>265,640</u>		<u>265,640</u>	<u>265,640</u>	
Total expenditures	<u>265,640</u>		<u>265,640</u>	<u>265,640</u>	

**STATISTICAL SECTION**  
**(Unaudited)**

**ALLOWAY TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION**

<b>Contents</b>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	88-94
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	95-98
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	99-102
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	103-104
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	105-109

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Net Assets By Component  
 Last Eight Fiscal Years  
 For the Fiscal Year Ended June 30, 2011  
 Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	1,343,028	(1,662,205)	(446,750)	3,416,457	3,962,089	3,864,183	3,832,720	3,774,163
Restricted	691,329	6,756,835	5,888,520	1,725,416	982,934	1,187,631	1,002,695	1,127,071
Unrestricted	34,044	(81,805)	(110,561)	33,239	27,971	(181,742)	(188,600)	(122,723)
Total governmental activities net assets	<u>2,068,401</u>	<u>5,012,825</u>	<u>5,331,209</u>	<u>5,175,112</u>	<u>4,972,994</u>	<u>4,870,072</u>	<u>4,646,815</u>	<u>4,778,511</u>
Business-type activities								
Invested in capital assets, net of related debt	20,916	17,154	12,901	12,004	8,817	7,223	5,698	4,884
Unrestricted	46,369	46,499	35,446	32,595	36,471	20,774	29,732	18,616
Total business-type activities net assets	<u>67,285</u>	<u>63,653</u>	<u>48,347</u>	<u>44,599</u>	<u>45,288</u>	<u>27,997</u>	<u>35,430</u>	<u>23,500</u>
District-wide								
Invested in capital assets, net of related debt	1,363,944	(1,645,051)	(433,849)	3,428,461	3,970,906	3,871,406	3,838,418	3,779,047
Restricted	691,329	6,756,835	5,888,520	1,725,416	982,934	1,187,631	1,002,695	1,127,071
Unrestricted	80,413	(35,306)	(75,115)	65,834	64,442	(160,968)	(158,868)	(104,107)
	<u>2,135,686</u>	<u>5,076,478</u>	<u>5,379,556</u>	<u>5,219,711</u>	<u>5,018,282</u>	<u>4,898,069</u>	<u>4,682,245</u>	<u>4,802,011</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Changes In Net Assets  
 Last Eight Fiscal Years  
 For the Fiscal Year Ended June 30, 2011  
 Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>								
Governmental activities								
Instruction								
Regular	1,659,673	1,731,412	1,580,383	1,729,868	1,820,065	1,795,248	1,898,691	1,883,236
Special education	179,603	196,237	395,636	406,125	433,369	497,980	505,573	505,399
Other special education	40,591	48,916	64,155	67,357	79,193	100,500	98,670	86,247
Other instruction	19,276	17,817	20,356	23,611	25,081	25,375	28,881	30,701
Support services								
Tuition	1,533,232	1,686,872	1,663,464	1,922,803	2,137,256	2,320,865	2,312,767	2,017,170
Student & instruction and related services	520,528	546,989	609,897	553,592	538,106	492,218	533,778	520,130
General administration	502,483	145,332	154,180	285,428	329,863	247,425	245,370	244,751
School administrative services	96,726	141,971	166,163	198,213	202,482	135,929	141,964	146,887
Central services		322,580	356,876	136,741	130,421	322,796	347,006	349,543
Administrative information technology		3,218	2,613	906	328	1,680	2,215	599
Plant operations and maintenance	281,831	280,677	292,303	396,323	427,275	462,664	400,333	427,586
Pupil transportation	296,856	329,364	337,093	353,230	366,434	350,322	344,806	336,347
Unallocated benefits	884,697	947,247	1,068,713	1,287,748	1,294,829	1,225,247	1,239,243	1,289,557
Capital outlay	18,651	1,918		2,741		2,533		27,620
Interest on long-term debt	25,025	12,512	139,640	135,640	131,640	126,640	121,640	115,640
Unallocated depreciation	111,863	104,693	97,337	169,376	245,459	239,731	230,219	232,016
<b>Total governmental activities expenses</b>	<b>6,171,035</b>	<b>6,517,755</b>	<b>6,948,809</b>	<b>7,669,702</b>	<b>8,161,801</b>	<b>8,347,153</b>	<b>8,451,156</b>	<b>8,213,429</b>

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Changes In Net Assets  
Last Eight Fiscal Years  
For the Fiscal Year Ended June 30, 2011  
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011
<b>Business-type activities:</b>								
Food service	147,964	211,139	212,230	201,710	209,919	210,494	163,777	157,558
Child care	42,754	53,555	92,182	97,193	86,796	86,966	76,174	80,461
Total business-type activities expense	190,718	264,694	304,412	298,903	296,715	297,460	239,951	238,019
Total district expenses	6,361,753	6,782,449	7,253,221	7,968,605	8,458,516	8,644,613	8,691,107	8,451,448
<b>Program revenues</b>								
Governmental activities								
Charges for services:								
Instruction (Tuition)	103,000	99,460	94,000	53,430	69,500	62,287	76,200	81,500
General administration		57,095	81,244	71,516	72,603	76,587	77,956	78,966
Business administration & Central services	214,500	204,800	220,000	139,960	176,685	182,436	194,354	203,362
Plant operations & maintenance						38,600		
Operating grants and contributions	256,497	2,907,067	234,185	238,149	224,496	223,363	260,757	301,125
Total governmental activities program revenues	573,997	3,268,422	629,429	503,055	543,284	583,273	609,267	664,953
Business-type activities:								
Charges for services:								
Food service	105,354	152,133	160,400	159,589	162,013	166,346	117,739	111,148
Child care	46,443	73,332	94,598	86,246	87,461	81,195	81,171	77,871
Operating grants and contributions	39,246	35,599	33,602	38,079	35,930	41,569	38,474	37,070
Total business-type activities program revenues	191,043	261,064	288,600	283,914	285,404	289,110	237,384	226,089
Total district program revenue	765,040	3,529,486	918,029	786,969	828,688	872,383	846,651	891,042
<b>Net (expense) revenue</b>								
Governmental activities	(5,597,038)	(3,249,333)	(6,319,380)	(7,166,647)	(7,618,517)	(7,763,880)	(7,841,889)	(7,548,476)
Business-type activities	325	(3,630)	(15,812)	(14,989)	(11,311)	(8,350)	(2,567)	(11,930)
Total district-wide net expense	(5,596,713)	(3,252,963)	(6,335,192)	(7,181,636)	(7,629,828)	(7,772,230)	(7,844,456)	(7,560,406)

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Changes In Net Assets  
Last Eight Fiscal Years  
For the Fiscal Year Ended June 30, 2011  
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011
General revenues and other changes in net assets								
Governmental activities:								
Property taxes levied for government purposes (net)	2,549,000	2,603,361	2,820,000	3,064,000	3,299,020	3,325,440	3,325,480	3,325,480
Taxes levied for debt service	111,401	104,431	239,640	235,639	256,640	251,640	271,640	265,640
Unrestricted grants and contributions	3,156,453	3,411,676	3,385,108	3,564,408	3,719,437	4,045,455	3,377,230	3,982,331
Federal aid restricted							617,008	
Tuition charges	3,450		3,500	9,043				29,339
Transportation fees	750							10,310
Investment earnings	4,919	51,200	180,222	133,248	47,753	21,951	12,961	24,696
Gain on disposal of assets		(2,484)						
Transfers				(8,500)	(12,000)	8,941	(10,000)	
Miscellaneous income	6,518	6,175	9,800	12,712	4,916	7,531	24,313	42,376
Total governmental activities	<u>5,832,491</u>	<u>6,174,359</u>	<u>6,638,270</u>	<u>7,010,550</u>	<u>7,315,766</u>	<u>7,660,958</u>	<u>7,618,632</u>	<u>7,680,172</u>
Business-type activities								
Transfers				8,500	12,000	(8,941)	10,000	
Miscellaneous income	<u>11,454</u>			<u>2,741</u>				
Total business-type activities	<u>11,454</u>			<u>11,241</u>	<u>12,000</u>	<u>(8,941)</u>	<u>10,000</u>	
Total District-wide	<u><u>5,843,945</u></u>	<u><u>6,174,359</u></u>	<u><u>6,638,270</u></u>	<u><u>7,021,791</u></u>	<u><u>7,327,766</u></u>	<u><u>7,652,017</u></u>	<u><u>7,628,632</u></u>	<u><u>7,680,172</u></u>
Change in net assets								
Governmental activities	235,453	2,925,026	318,890	(156,097)	(302,751)	(102,922)	(223,257)	131,696
Business-type activities	<u>11,779</u>	<u>(3,630)</u>	<u>(15,812)</u>	<u>(3,748)</u>	<u>689</u>	<u>(17,291)</u>	<u>7,433</u>	<u>(11,930)</u>
Total District	<u><u>247,232</u></u>	<u><u>2,921,396</u></u>	<u><u>303,078</u></u>	<u><u>(159,845)</u></u>	<u><u>(302,062)</u></u>	<u><u>(120,213)</u></u>	<u><u>(215,824)</u></u>	<u><u>119,766</u></u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Fund Balances, Governmental Funds  
Last Eight Fiscal Years  
For the Fiscal Year Ended June 30, 2011  
Unaudited

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund								
Reserved	791,549	979,769	1,310,105	1,075,755	898,731	1,122,786	982,956	1,130,714
Unreserved	10,925	(35,228)	(36,540)	103,635	86,920	(87,474)	(107,980)	(45,360)
Total general fund	<u>802,474</u>	<u>944,541</u>	<u>1,273,565</u>	<u>1,179,390</u>	<u>985,651</u>	<u>1,035,312</u>	<u>874,976</u>	<u>1,085,354</u>
All other governmental funds								
Reserved		143,446	4,074,939	440,273	12,832	12,977		
Unreserved, reported in:								
Special revenue fund	(571)	(571)	(571)	(571)	(571)			
Capital projects fund		5,633,619	503,475	209,388	71,371	51,868	19,739	
Debt service fund	1	1	1					
Total all other governmental funds	<u>(570)</u>	<u>5,776,495</u>	<u>4,577,844</u>	<u>649,090</u>	<u>83,632</u>	<u>64,845</u>	<u>19,739</u>	<u>0</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Changes in Fund Balance, Governmental Funds  
Last Ten Fiscal Years  
Unaudited

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Tax Levy	1,893,933	2,338,369	2,660,401	2,707,792	3,059,640	3,299,639	3,555,660	3,577,080	3,597,120	3,591,120
Tuition charges		2,400	3,450		3,500	9,043				29,339
Transportation charges			750							10,310
Interest earnings	20,966	8,723	4,919	51,200	180,222	133,248	47,753	21,951	12,961	24,696
Miscellaneous	11,286	3,571	8,458	6,175	10,112	12,712	5,246	9,060	28,312	48,452
State sources	3,171,418	3,123,280	3,325,767	6,097,396	3,407,702	3,586,579	3,738,992	4,053,095	3,380,675	3,984,775
Federal sources	145,929	196,314	230,557	221,347	211,591	215,978	204,611	214,194	870,321	292,605
Total revenue	<u>5,243,532</u>	<u>5,672,657</u>	<u>6,234,302</u>	<u>9,083,910</u>	<u>6,872,767</u>	<u>7,257,199</u>	<u>7,552,262</u>	<u>7,875,380</u>	<u>7,889,389</u>	<u>7,981,297</u>
<b>Expenditures</b>										
Instruction:										
Regular	1,328,294	1,368,662	1,486,749	1,565,612	1,559,453	1,730,168	1,811,585	1,795,306	1,899,191	1,871,789
Special	377,139	378,371	358,815	371,505	392,688	406,805	434,569	498,080	505,933	505,419
Other	89,026	58,550	40,591	48,916	56,655	67,357	76,533	97,300	105,590	85,507
School sponsored/other instructional			19,276	17,817	20,356	23,611	25,081	25,375	28,881	30,701
Undistributed:										
Instruction	1,466,983	1,696,907	1,533,232	1,686,872	1,663,464	1,922,803	2,137,256	2,320,865	2,312,767	2,017,170
Student & instruction related services	367,900	423,381	419,556	447,843	500,714	497,917	485,001	443,363	468,803	446,319
General administration	203,990	202,979	185,239	145,332	151,818	150,683	158,970	170,663	167,452	165,785
School administration	127,705	87,520	92,576	98,143	113,540	127,122	129,579	135,779	141,901	146,887
Central administration				125,792	127,896	136,316	129,921	144,287	147,320	150,023
Administration information technology				3,218	2,613	906	328	1,680	2,215	599
Plant operations & maintenance	260,319	244,692	281,025	280,139	294,959	395,998	427,275	426,058	400,333	427,836
Student transportation	297,304	313,201	296,856	329,364	337,093	353,230	366,434	350,322	344,806	336,347
Business and other support services	120,498	100,691	104,029							
Unallocated benefits	653,804	775,625	889,938	947,247	1,068,713	1,287,748	1,294,829	1,225,247	1,239,243	1,289,557
Capital outlay	7,623	2,228	18,651	325,466	1,212,792	3,935,324	565,458	19,358	48,756	51,079
Debt service expenditures										
Principal	175,000	175,000	175,000	175,000	100,000	100,000	125,000	125,000	150,000	150,000
Interest	50,050	37,537	25,025	12,512	139,640	135,640	131,640	126,640	121,640	115,640
Total expenditures	<u>5,525,635</u>	<u>5,865,344</u>	<u>5,926,558</u>	<u>6,580,778</u>	<u>7,742,394</u>	<u>11,271,628</u>	<u>8,299,459</u>	<u>7,905,323</u>	<u>8,084,831</u>	<u>7,790,658</u>
Excess (deficiency of revenues over (under) expenditures	(282,103)	(192,687)	307,744	2,503,132	(869,627)	(4,014,429)	(747,197)	(29,943)	(195,442)	190,639
Other financing sources (uses)										
Proceeds from borrowing				3,416,000						
Transfers from internal service fund		19,546						60,817		
Transfers out - food service fund						(8,500)	(12,000)		(10,000)	
Total other financing sources (uses)		<u>19,546</u>		<u>3,416,000</u>		<u>(8,500)</u>	<u>(12,000)</u>	<u>60,817</u>	<u>(10,000)</u>	
Net change in fund balance	<u>(282,103)</u>	<u>(173,141)</u>	<u>307,744</u>	<u>5,919,132</u>	<u>(869,627)</u>	<u>(4,022,929)</u>	<u>(759,197)</u>	<u>30,874</u>	<u>(205,442)</u>	<u>190,639</u>
Debt service as a percentage of noncapital expenditures	4.08%	3.62%	3.39%	3.00%	3.67%	3.21%	3.32%	3.19%	3.38%	3.43%

Source: District records.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 General Fund - Other Local Revenue by Source  
 Last Ten Fiscal Years  
 Unaudited

Fiscal year Ended June 30	DuPont Grant	Donations	Miscellaneous	Refunds	Other Local Grant	Rentals	Annual Totals
2002	1,362	1,250	2,954	5,720			11,286
2003			1,869	142	1,560		3,571
2004			6,518		1,940		8,458
2005			4,385	1,790			6,175
2006			1,663	8,137	312		10,112
2007			1,159	11,553			12,712
2008		500	2,352	1,544	330	520	5,246
2009	1,529		5,237	2,294			9,060
2010			534	7,779		16,000	24,313
2011			5,429	20,947		16,000	42,376
	<u>2,891</u>	<u>1,750</u>	<u>32,100</u>	<u>59,906</u>	<u>4,142</u>	<u>32,520</u>	<u>133,309</u>

Source: District records.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
Unaudited

Fiscal year Ended June 30	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2002	8,905,600	122,339,200	28,187,300	5,112,400	9,125,900	0	0	173,670,400	779,583	174,449,983	179,883,226	1.123
2003	8,253,400	123,529,300	29,017,800	5,044,500	9,233,200	0	0	175,078,200	786,791	175,864,991	183,444,090	1.513
2004	8,024,800	126,494,500	30,396,900	5,068,000	9,245,800	0	0	179,230,000	697,367	179,927,367	198,426,166	1.505
2005	8,692,100	131,452,000	32,667,200	4,808,600	9,277,900	0	0	186,897,800	682,664	187,580,464	210,237,824	1.632
2006	6,734,600	136,784,700	33,134,600	4,978,700	9,277,900	0	0	190,910,500	535,017	191,445,517	247,571,965	1.724
2007	8,072,100	141,414,500	33,316,400	4,910,700	9,287,900	0	0	197,001,600	524,684	197,526,284	271,981,176	1.801
2008	8,050,700	142,951,300	33,825,300	4,815,800	8,107,900	0	0	197,751,000	538,700	198,289,700	282,723,774	1.803
2009	7,355,300	148,666,100	33,703,600	5,855,800	5,878,700	0	0	201,459,500	562,108	202,021,608	304,743,165	1.781
2010	12,314,300	209,234,800	44,541,200	6,405,000	15,496,600	0	0	287,991,900	841,247	288,833,147	344,735,336	1.243
2011	12,231,900	208,335,300	44,590,500	5,992,900	15,191,000	0	0	286,341,600	614,413	286,956,013	n/a	1.250

Source: Tax Assessor.

n/a = Not available at time of completion of C.A.F.R.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Property Tax Rates - Direct and Overlapping Governments  
 Per \$100 of Assessed Valuation  
 Last Ten Fiscal Years  
 Unaudited

Fiscal year Ended June 30	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Overlapping Rates			Total Direct & Overlapping Tax Rate
				Township of Alloway	Township Open Space	Salem County	
2002	1.049	0.074	1.123	0.089		1.024	2.236
2003	1.436	0.077	1.513	0.090		1.035	2.638
2004	1.442	0.063	1.505	0.111		1.097	2.713
2005	1.569	0.063	1.632	0.134	0.009	1.131	2.906
2006	1.589	0.135	1.724	0.160	0.003	1.270	3.157
2007	1.672	0.129	1.801	0.179	0.020	1.293	3.293
2008	1.673	0.130	1.803	0.192	0.020	1.322	3.337
2009	1.656	0.125	1.781	0.214	0.019	1.339	3.353
2010	1.149	0.094	1.243	0.180	0.019	1.060	2.502
2011	1.158	0.092	1.250	0.190	0.002	0.961	2.403

Source: Municipal Tax Collector.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Principal Property Taxpayers  
Current and Nine Years Ago  
Unaudited

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
T/P Campground Inc.	6,650,000	2.32%		
Ranch Hope Inc.			3,931,300	2.31%
Angelo Massari, Inc.	2,521,500	0.88%	2,622,000	1.54%
Ayra Golf Properties			2,126,600	1.25%
Taxpayer #1	1,193,200	0.42%		
Heritage-Cobb Mill Estates LP	1,126,900	0.39%		
Boy Scouts of America			946,800	0.56%
Bell Atlantic			828,883	0.49%
Tall Pines Campground Inc.			788,600	0.46%
Taxpayer #2	910,400	0.32%		
Taxpayer #3	835,200	0.29%		
Taxpayer #4	833,900	0.29%		
Uplat LLC			746,000	0.44%
The Bank	726,000	0.25%		
Taxpayer #5	723,900	0.25%	723,600	0.43%
Heritage-Stonebridge, LP	703,700	0.25%		
Woodstown National Bank			653,400	0.38%
Taxpayer #6			568,300	0.33%
	<u>9,574,700</u>	<u>1.65%</u>	<u>10,004,183</u>	<u>5.89%</u>

Source: Municipal Tax Assessor.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

Year Ended December 31	Taxes Levied for the Fiscal Year	<u>Collected within the Fiscal Year</u>		Collections in Subsequent Year
		Amount	Percent of Levy	
2002	1,893,933	1,893,933	100.00%	
2003	2,338,369	2,338,369	100.00%	
2004	2,660,401	2,660,401	100.00%	
2005	2,707,792	2,707,792	100.00%	
2006	3,059,640	3,059,640	100.00%	
2007	3,299,639	3,299,639	100.00%	
2008	3,555,660	3,555,660	100.00%	
2009	3,577,080	3,577,080	100.00%	
2010	3,597,120	3,597,120	100.00%	
2011	3,591,120	3,591,120	100.00%	

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

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
 Unaudited

Fiscal year Ended June 30	Governmental Activities			Bond Anticipation Notes	Business-type Activities Capital Leases	Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases				
2002	525,000					525,000	0.63%
2003	350,000					350,000	0.41%
2004	175,000					175,000	0.19%
2005	3,416,000					3,416,000	3.52%
2006	3,316,000					3,316,000	3.29%
2007	3,216,000					3,216,000	3.02%
2008	3,091,000					3,091,000	2.77%
2009	2,966,000					2,966,000	2.53%
2010	2,816,000					2,816,000	2.39%
2011	2,666,000					2,666,000	n/a

Note: Not available at the time of C.A.F.R. completion.

EXHIBIT J-11

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions			
2002	525,000		525,000	0.30%	185
2003	350,000		350,000	0.20%	123
2004	175,000		175,000	0.10%	60
2005	3,416,000		3,416,000	1.83%	1,156
2006	3,316,000		3,316,000	1.74%	1,094
2007	3,216,000		3,216,000	1.63%	1,062
2008	3,091,000		3,091,000	1.56%	1,008
2009	2,966,000		2,966,000	1.47%	960
2010	2,816,000		2,816,000	0.98%	917
2011	2,666,000		2,666,000	0.93%	868

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2010  
 Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Alloway	3,453,335	100%	3,453,335
Salem County General Obligation Debt (5.92%)			2,425,495
Subtotal, overlapping debt			5,878,830
Township of Alloway School District			2,666,000
Total direct and overlapping debt			<u>8,544,830</u>

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

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Legal Debt Margin Information  
Last Ten Fiscal Years  
Unaudited

	Year	Equalized Valuation Basis								
	2010	\$308,507,659								
	2009	\$338,929,172								
	2008	\$297,369,925								
		<u>\$944,806,756</u>								
Average equalized valuation of taxable property		314,935,585								
Debt limit (3% of average equalized value)		9,448,068								
Total net debt applicable to limit		<u>2,666,000</u>								
Legal debt margin		<u>6,782,068</u>								
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	5,060,219	5,228,663	5,458,904	5,718,556	6,326,222	7,025,033	7,825,818	8,391,972	9,162,104	9,448,068
Total net debt applicable to limit	525,000	350,000	175,000	3,416,000	3,316,000	3,216,000	3,091,000	2,966,000	2,816,000	2,666,000
Legal debt margin	<u>4,535,219</u>	<u>4,878,663</u>	<u>5,283,904</u>	<u>2,302,556</u>	<u>3,010,222</u>	<u>3,809,033</u>	<u>4,734,818</u>	<u>5,425,972</u>	<u>6,346,104</u>	<u>6,782,068</u>
Total net debt applicable to the limit as a percentage of debt limit	10.38%	6.69%	3.21%	59.74%	52.42%	45.78%	39.50%	35.34%	30.74%	28.22%

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years  
 Unaudited

<u>Fiscal year Ended June 30</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	2,835	82,901,070	29,242	1.00%
2003	2,855	86,135,350	30,170	1.10%
2004	2,924	91,415,936	31,264	0.80%
2005	2,956	96,965,668	32,803	5.20%
2006	3,030	100,817,190	33,273	5.40%
2007	3,028	106,373,640	35,130	4.90%
2008	3,067	111,641,867	36,401	6.30%
2009	3,089	117,453,047	38,023	11.60%
2010	3,072 *	117,691,392	38,311	12.30%
2011	3,072 *	n/a	n/a	n/a

\* Estimate as of July 1

Source: State of New Jersey, Department of Labor and Workforce Development.

n/a = Not available at time of completion of C.A.F.R.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Principal Employers  
 Current 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>
Ranch Hope	145	11.27%		
Alloway Township Board of Education	80	6.22%		
B.R. Williams	50	3.89%		
Alloway Township	30	2.33%		
Edgar Joyce Nursery	20	1.55%		
	<u>325</u>	<u>25.25%</u>	<u>n/a</u>	<u>0.00%</u>

Source: County of Salem Department of Economic Development.

n/a - Not available

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years  
 Unaudited

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction										
Regular	27.0	27.0	27.0	27.0	29.0	35.0	36.0	36.0	36.0	35.0
Special education	4.0	4.0	4.0	4.5	5.0	8.0	8.5	8.5	9.0	8.0
Support services:										
Student & instruction related services	5.5	5.5	5.5	5.5	5.5	6.5	6.4	5.7	6.5	5.5
General administration	1.0	1.0	1.0	0.5	0.5	1.5	1.5	1.5	1.5	1.5
School administration	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0
Business administrative services	0.8	0.8	0.8	0.8	0.8	2.5	2.5	2.5	2.5	2.5
Plants operations and maintenance	3.0	3.0	3.0	3.0	3.5	5.2	5.5	5.6	5.6	5.5
Food service	4.0	4.0	4.5	4.5	4.5	4.5	4.5	4.0	4.0	4.0
Child care	4.0	4.0	4.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0
Total	<u>50</u>	<u>50</u>	<u>51</u>	<u>52</u>	<u>55</u>	<u>69</u>	<u>70.9</u>	<u>69.8</u>	<u>71.1</u>	<u>68.0</u>

Source: District personnel records and budget book.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal year Ended June 30	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2002	465	5,292,962	11,383	14.53%	32.0	1:16	465.0	446.7	1.95%	96.06%
2003	475	5,650,579	11,896	4.51%	31.0	1:16	474.0	453.2	1.94%	95.61%
2004	488	5,707,882	11,696	-1.68%	31.0	1:16	487.5	467.3	2.85%	95.86%
2005	491	6,067,800	12,358	5.66%	31.5	1:16	488.3	465.2	0.16%	95.27%
2006	489	6,289,962	12,863	4.09%	34.0	1:16	492.3	470.6	0.82%	95.59%
2007	482	7,100,664	14,732	14.53%	34.9	1:14	480.7	460.2	-2.36%	95.74%
2008	481	7,477,361	15,545	5.52%	34.0	1:14	479.5	460.8	-0.25%	96.10%
2009	666 *	7,634,325	11,463	-26.26%	35.0	1:13	460.7	441.9	-3.92%	95.92%
2010	646 *	7,764,435	12,019	4.85%	36.0	1:13	462.3	442.4	0.35%	95.70%
2011	618 *	7,473,939	12,094	0.62%	35.0	1:12	431.0	412.9	-6.77%	95.80%

Source: District records, ASSA and schedules J-4, J-12, J-14.

\* Enrollment includes Woodstown High School enrollment of 188

Note: Enrollment based on annual October district count.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 School Building Information  
 Last Ten Fiscal Years  
 Unaudited

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Elementary</u>										
Alloway Elementary										
Square feet	38,393	38,393	38,393	38,393	38,393	55,760	55,760	55,760	55,760	55,760
Capacity (students)	500	500	500	500	500	629	629	629	629	629
Enrollment	465	475	488	491	489	482	481	466	461	430

Number of schools at June 30, 2011

Elementary = 1

Source: District office.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
 General Fund  
 Schedule of Required Maintenance for School Facilities  
 For the Fiscal Year Ended June 30, 2011  
 Unaudited

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

* School Facilities	Gross Square Footage	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Alloway School	55,760	<u>64,494</u>	<u>13,277</u>	<u>48,894</u>	<u>34,758</u>	<u>19,770</u>	<u>57,975</u>	<u>47,777</u>	<u>80,219</u>	<u>49,900</u>	<u>51,747</u>	<u>468,811</u>

\* School facilities as defined under EFCA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Insurance Schedule  
June 30, 2011  
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ School Board Association Insurance Group		
Property - blanket buildings & contents	14,864,978	5,000
Electronic Data Processing	210,000	1,000
Boiler & Machinery		
Combined Single Limit	100,000,000	5,000
Crime		
Employee blanket bond/per employee	100,000	1,000
Employee blanket bond/theft, disappearance & destruction	25,000	500
Employee blanket bond/theft, disappearance money orders	25,000	500
Employee blanket bond/forgery per occurrence	100,000	1,000
Employee blanket bond/computer per occurrence	100,000	500
General Liability		
Bodily injury & property damage	6,000,000	None
Bodily injury products and completed operations	6,000,000	None
Sexual abuse	6,000,000	None
Personal and advertising injury	6,000,000	None
Employee benefits liability	6,000,000	1,000
Premises medical payments	10,000	None
Terrorism	1,000,000	None
Commercial Automobile Liability		
Bodily injury & property damage	6,000,000	None
Errors & Omissions Liability Policy		
Coverage A	2,000,000	5,000
Coverage B	100,000	5,000
Workmen's Compensation - NJ School Boards Association Insurance		
Bodily injury - by accident	2,000,000	None
Bodily injury - by disease	2,000,000	None
Bodily injury - by employee	2,000,000	None
Public employees' faithful performance bonds -		
Ohio Casualty Insurance Company		
Employee bond - Kevin Crouch, Treasurer	175,000	None
Employee bond - Rebecca Joyce, Business Administrator/Board Secretary	40,000	None

Source: District records.

**SINGLE AUDIT SECTION**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

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

The Honorable President and  
Members of the Board of Education  
Alloway Township School District  
43 Cedar Street  
Alloway, New Jersey 08001

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 Board of Education of the Alloway Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Alloway Township School District's basic financial statements and have issued our report thereon dated September 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Alloway Township School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Alloway Township School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

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

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542

September 7, 2011

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## **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**

The Honorable President and  
Members of the Board of Education  
Alloway Township School District  
43 Cedar Street  
Alloway, New Jersey 08001

### Compliance

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

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

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Alloway Township School District's compliance with those requirements.

In our opinion, the Alloway Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2011.

Internal Control over Compliance

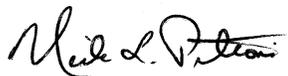
Management of the Alloway Township School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Alloway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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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 Alloway Township School District Board of Education, the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Licensed Public School Accountant #542

September 7, 2011

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of prior Years' Balances	Balance at June 30, 2011			Memo Cumulative Total Expenditures
				From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S.Department of Education														
Passed-through State Department of Education:														
General Fund:														
Ed Jobs Fund	84.410	n/a	127,852	09/1/10	09/30/12									
Total General Fund														
U.S.Department of Education														
Passed-through State Department of Education:														
Special Revenue Fund:														
Title I - Part A	84.010A	NCLB006011	22,325	09/1/10	08/31/11			15,581	(22,325)		(6,744)			22,325
Title I - Part A	84.010A	NCLB006010	23,443	09/1/09	08/31/10	(12,867)		12,867						23,443
Title II-A - Teacher & Principal Training	84.367	NCLB006011	20,821	09/1/10	08/31/11			11,143	(20,821)		(9,678)			20,821
Title II-A - Teacher & Principal Training	84.367	NCLB006010	21,094	09/1/09	08/31/10	(13,076)		13,076						21,094
Title II-D - Education Technology	84.318	NCLB006011	51	09/1/10	08/31/11			51	(51)					51
Title II-D - Education Technology	84.318	NCLB006010	239	09/1/09	08/31/10	(234)	5	234	(5)					239
Title II-D - Education Technology	84.318	NCLB006009	203	09/1/08	08/31/09		(5)			5 *				203
Title IV-Safe & Drug Free Schools & Communities	84.186	NCLB006010	931	09/1/09	08/31/10	(931)		931						931
I.D.E.A. Part B, Basic Regular	84.027A	IDEA006011	122,932	09/1/10	08/31/11		1,711	90,273	(119,420)		(27,436)			119,420
I.D.E.A. Part B, Basic Regular	84.027A	IDEA006010	120,025	09/1/09	08/31/10	(47,648)		47,648						118,057
I.D.E.A. Part B, Basic Regular	84.027A	IDEA006009	124,933	09/1/08	08/31/09		1,550			(1,550) *				123,222
I.D.E.A. Part B, Basic Regular	84.027A	IDEA006008	122,294	09/1/07	08/31/08	3,261	(3,261)							119,033
I.D.E.A. Part B, Preschool	84.173	IDEA006011	4,121	09/1/10	08/31/11			4,121	(4,121)					4,121
ARRA - Title I	84.389		6,428	07/1/09	08/31/11	(4,199)		6,428	(2,229)					6,428
ARRA - I.D.E.A. Part B	84.391		127,165	07/1/09	08/31/11	(43,632)		102,979	(82,696)		(23,349)			126,328
ARRA Preschool	84.392		4,599	07/1/09	08/31/11			4,599	(4,599)					4,599
Rural Education Achievement Program	84.358	S358A101526	36,343	07/1/09	09/30/10			36,343	(36,343)					36,343
Total Special Revenue Fund						(119,326)		346,274	(292,610)	(1,545)	(67,207)			746,658
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
Food Distribution Program	10.550		5,508	07/1/10	06/30/11			5,508	(4,521)			987		5,508
Food Distribution Program	10.550		7,494	07/1/09	06/30/10	2,628			(2,628)					7,494
National School Lunch Program	10.555		29,593	07/1/10	06/30/11			29,593	(29,593)					29,593
National School Lunch Program	10.555		28,472	07/1/09	06/30/10	(1,950)		1,950						28,472
Special Milk Program for Children	10.556		279	07/1/10	06/30/11			279	(279)					279
Special Milk Program for Children	10.556		389	07/1/09	06/30/10	(27)		27						389
Total Enterprise Fund						651		37,357	(37,021)			987		71,067
Total Federal Financial Awards						(118,675)		383,631	(329,631)	(1,545)	(67,207)	987		817,725

\* Adjustment required to correct prior year cash receipts

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010			Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Year's Balance	Balance at June 30, 2011			Memo	
			From	To	Deferred Revenue (Accts. Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Equalization Aid	11-495-034-5120-078	2,957,656	07/1/10	06/30/11			2,957,656	(2,957,656)					338,302	2,957,656	
Transportation Aid	11-495-034-5120-014	165,824	07/1/10	06/30/11			165,824	(165,824)					29,326	165,824	
Special Education Aid	11-495-034-5120-089	307,010	07/1/10	06/30/11			307,010	(307,010)					30,886	307,010	
Security Aid	11-495-034-5120-084	43,409	07/1/10	06/30/11			43,409	(43,409)					4,476	43,409	
Extraordinary Aid	11-100-034-5120-473	42,926	07/1/10	06/30/11				(42,926)		(42,926)				42,926	
Extraordinary Aid	10-100-034-5120-473	40,804	07/1/10	06/30/11	(40,804)		40,804							40,804	
Nonpublic Transportation Costs	n/a	5,958	07/1/10	06/30/11				(5,958)		(5,958)				5,958	
Nonpublic Transportation Costs	n/a	4,206	07/1/09	06/30/10	(4,206)		4,206							4,206	
Reimbursed T.P.A.F. Social Security Contributions	11-100-034-5095-002	211,684	07/1/10	06/30/11			211,684	(211,684)						211,684	
On-Behalf T.P.A.F. Postretirement Contribution	11-100-034-5095-001	180,615	07/1/10	06/30/11			180,615	(180,615)						180,615	
On-Behalf T.P.A.F. Pension Contribution	11-100-034-5095-007	8,503	07/1/10	06/30/11			8,503	(8,503)						8,503	
Total General Fund					(45,010)		3,919,711	(3,923,585)		(48,884)			402,990	3,968,595	
State Department of Education															
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbooks	11-100-034-5120-064	568	07/1/10	06/30/11			568	(568)							
Nursing (Chapter 226)	11-100-034-5120-070	674	07/1/10	06/30/11			674	(674)							
Auxiliary Services (Chapter 192)															
English as a second language	10-100-034-5120-067	979	07/1/09	06/30/10		979			(979)						
Auxiliary Services															
Transportation	11-100-034-5120-068	187	07/1/10	06/30/11			187	(187)						187	
Handicapped Services (Chapter 193)															
Examination and Classification	11-100-034-5120-066	1,436	07/1/10	06/30/11			1,436	(320)			1,116			320	
Supplemental Instruction	11-100-034-5120-066	695	07/1/10	06/30/11			695	(695)						695	
Corrective Speech	11-100-034-5120-066	782	07/1/10	06/30/11							782				
Total Special Revenue Fund						979	4,342	(2,444)	(979)		1,898			1,202	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	11-100-010-3360-067	1,690	07/1/10	06/30/11			1,690	(1,690)						1,690	
Total Enterprise Fund							1,690	(1,690)						1,690	
Total State Financial Assistance					(44,031)	979	3,925,743	(3,927,719)	(979)	(48,884)	1,898	402,990		3,971,487	

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF  
AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2011

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state activity of the Board of Education, Alloway Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of O.M.B. Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *New Jersey State Aid/Grant Compliance Supplement*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General Fund and Special Revenue Fund on a G.A.A.P. basis. Budgetary comparison statements or schedules (R.S.I.) 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 G.A.A.P. reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44-.2. For G.A.A.P. purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the G.A.A.P. basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4-.2.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2011

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the G.A.A.P. basis is \$58,746 for the General Fund and \$0 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a G.A.A.P. basis as presented (See Exhibit B-2):

	Federal	State	Total
General Fund		3,982,331	3,982,331
Special Revenue Fund	292,605	2,444	295,049
Food Service Fund	35,380	1,690	37,070
Total Financial Assistance	327,985	3,986,465	4,314,450

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2011, Alloway Township School District has food commodities totaling \$987 in inventory.

NOTE 6: OTHER

The amount reported as T.P.A.F. Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2011. T.P.A.F. Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for T.P.A.F. members for the year ended June 30, 2011.

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- 1. Material weakness(es) identified?  Yes  No
- 2. Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to basic financial statements noted?  Yes  No

**Federal awards**

**N/A**

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: N/A

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?  Yes  No

Identification of major programs:

CFDA Number

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

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Section I – Summary of Auditor’s Results**

**State awards**

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  X  Yes   No

Internal control over major programs:

1. Material weakness(es) identified?   Yes  X  No

3. Significant deficiencies identified that are not considered to be material weaknesses?   Yes  X  None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with N.J.O.M.B. Circular Letter 04-04?   Yes  X  No

Identification of major programs:

GMIS Numbers

495-034-5120-078  
495-034-5120-089  
495-034-5120-084  
100-034-5095-002

Name of State Program

Equalization Aid  
Special Education Categorical Aid  
Security Aid  
Social Security Tax

**Section II – Financial Statement Findings**

None

**Section III – State Financial Assistance Findings and Questioned Costs**

FEDERAL AWARDS

None

STATE AWARDS

None

ALLOWAY TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

No matters were reported.