

**Alloway Township School
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

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, 2012**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Of the

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

For the Fiscal Year Ended June 30, 2012

Prepared by:

**Alloway Township School
Board of Education Administration**

OUTLINE OF C.A.F.R.

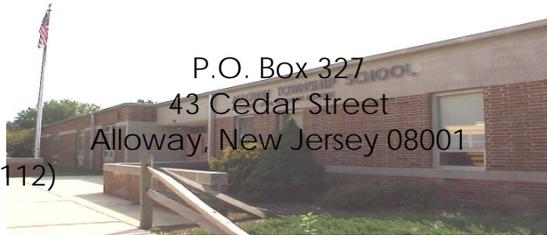
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INTRODUCTORY SECTION

Alloway Township School



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ROBERT J BAZZEL, SUPERINTENDENT

REBECCA S. JOYCE, BUSINESS ADMINISTRATOR

September 20, 2012

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

Dear Board Members:

The comprehensive annual financial report of the Alloway Township School District for the fiscal year ending June 30, 2012, 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 2011-2012 school year with an average daily enrollment of 419 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 and the demographic factor group average on the NJ ASK state tests. We continue to strive for excellence and high achievement of all students and are working towards further increases in the number of students scoring in the Advanced Proficient category on these tests.

Major initiatives in the district focus on improving teacher practice and evaluation, and curriculum renewal. These initiatives include;

* Textbooks – The district has purchased and is implementing new textbook series in Language Arts and Mathematics this year.

* Curriculum renewal – We have revised and are implementing a new Mathematics Curriculum to meet the NJ Core Content Standards. We are also currently in the process of revising the Language Arts, Social Studies and Science Curricula in order to meet these same standards.

* HIB – We continue to make a strong effort to eliminate bullying in our school through trainings, programs and enforcement.

* Teacher Evaluation – Utilizing the Danielson Framework of Teaching, we have revised our teacher evaluation system. This change is the major initiative for the year in that it requires many hours of training. We are confident that it will result in better teaching and consequently, higher student achievement.

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, 2012, the District's outstanding debt issues included \$2,516,000 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

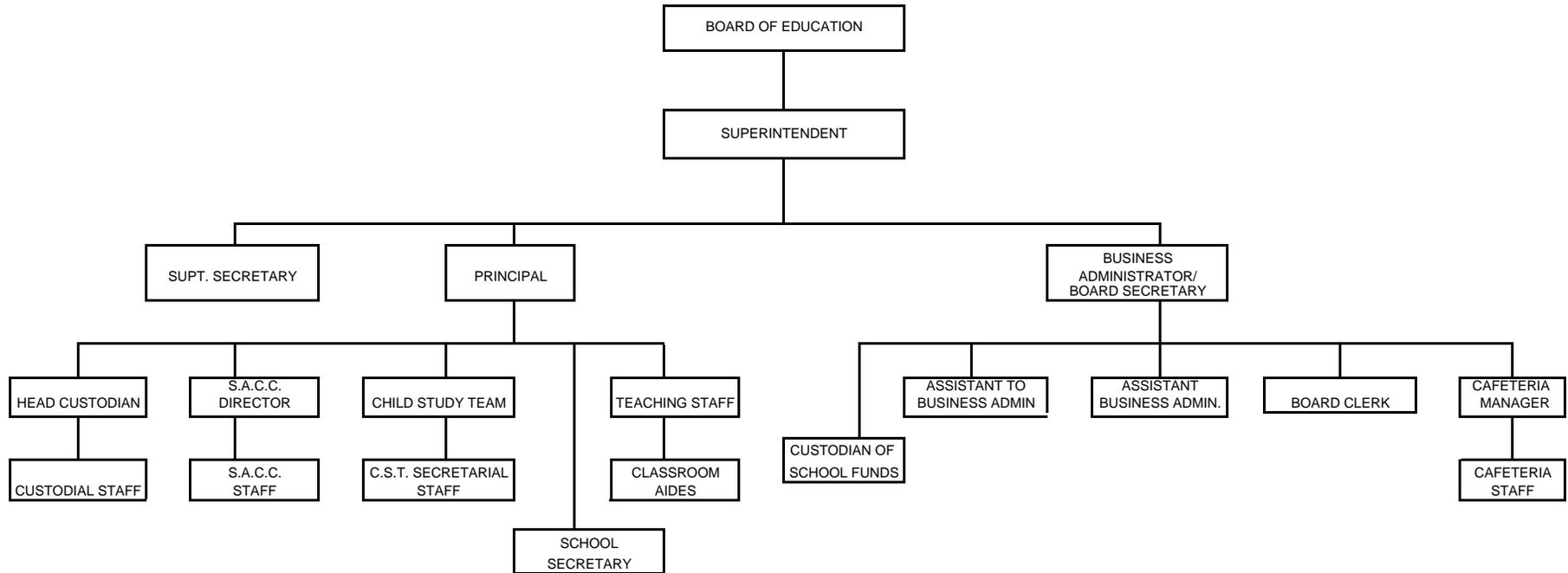
We would like to express our appreciation to the members of the Alloway Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial 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, 2012

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES – DECEMBER 31</u>
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

ALLOWAY TOWNSHIP BOARD OF EDUCATION
Alloway, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Petroni & Associates LLC
Certified Public Accountants
102 West High Street, Suite 100
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

Fulton Bank
1 South Main Street
Woodstown, NJ 08098

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • 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, 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, 2012, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Alloway Township School Board of Education, in the County of Salem, State of New Jersey, as of June 30, 2012, 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 20, 2012, 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.

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

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 expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* respectively, and are also not a required part of the basic financial statements. The combining and individual fund financial statements and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PETRONI & ASSOCIATES LLC



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

September 20, 2012

Required Supplementary Information – Part I

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

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2012
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, 2012. 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, 2012
Unaudited**

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

	District-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	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
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability	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
Type of Inflow/Outflow Information	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, 2012
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, 2012
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

Alloway Township School District's Net Assets						
2012			2011		Total	
	<u>Governmental</u>	<u>Business- Type</u>	<u>Governmental</u>	<u>Business- Type</u>	2012	2011
Assets						
Current and other assets	1,204,606	23,068	1,197,022	24,915	1,227,674	1,221,937
Capital assets	6,241,471	4,710	6,440,163	4,884	6,246,181	6,445,047
Total assets	7,446,077	27,778	7,637,185	29,799	7,473,855	7,666,984
Liabilities						
Current liabilities	24,931	4,320	69,529	4,774	29,251	74,303
Noncurrent liabilities	2,651,615	2,100	2,789,145	1,525	2,653,715	2,790,670
Total liabilities	2,676,546	6,420	2,858,674	6,299	2,682,966	2,864,973
Net assets						
Invested in capital assets, Net of related debt	3,725,471	4,710	3,774,163	4,884	3,730,181	3,779,047
Restricted	1,149,692		1,127,071		1,149,692	1,127,071
Unrestricted	(105,632)	16,648	(122,723)	18,616	(88,984)	(104,107)
Total net assets	4,769,531	21,358	4,778,511	23,500	4,790,889	4,802,011

Net assets - The District's combined total assets are \$7,473,855 on June 30, 2012, (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, 2012
Unaudited**

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

	2012		2011		Total	
	Governmental	Business-Type	Governmental	Business-Type	2012	2011
Revenues						
Program revenues						
Charges for services	420,719	184,370	363,828	189,019	605,089	552,847
Operating grants and contributions	219,628	35,417	301,125	37,070	255,045	338,195
General revenues						
Property taxes	3,585,120		3,591,120		3,585,120	3,591,120
Grants and entitlements	4,310,771		3,982,331		4,310,771	3,982,331
Other	61,981		106,721		61,981	106,721
Total revenues	8,598,219	219,787	8,345,125	226,089	8,818,006	8,571,214
Expenses						
Instruction-related	2,444,657		2,505,583		2,444,657	2,505,583
Student support services	2,829,270		2,537,300		2,829,270	2,537,300
School administration	152,487		146,887		152,487	146,887
General administration	268,006		244,751		268,006	244,751
Central services	371,392		349,543		371,392	349,543
Administrative info. technology	242		599		242	599
Plant operations & maintenance	404,053		427,586		404,053	427,586
Pupil transportation	381,786		336,347		381,786	336,347
Employee benefits	1,395,945		1,289,557		1,395,945	1,289,557
Interest on debt	109,640		115,640		109,640	115,640
Food service		143,559		157,558	143,559	157,558
Unallocated depreciation	232,902		232,016		232,902	232,016
Other	16,819	78,370	27,620	80,461	95,189	108,081
Total expenses	8,607,199	221,929	8,213,429	238,019	8,829,128	8,451,448
Transfers						
Increase (decrease) in net assets	(8,980)	(2,142)	131,696	(11,930)	(11,122)	119,766

Changes in net assets - The District's total revenues are \$8,818,006 for the fiscal period ended June 30, 2012, (See Exhibit A-2). The revenue breakout for all funds is as follows: Property taxes 41%, grants and entitlements 49% and the remainder, 10% 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 16% 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 2%.

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

**Management's Discussion & Analysis
Fiscal Year Ended June 30, 2012
Unaudited**

Governmental Activities

Revenues for governmental activities were \$8,598,219 while total expenses amounted to \$8,607,199 (See Exhibit A-2). This resulted in a decrease in net assets in governmental activities of \$8,980 for 2012 and \$131,696 increase for 2011.

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 \$2,142.
- Charges for services represent \$184,370 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 \$35,417.

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 \$1,123,502 (See Exhibit B-1). The District also controlled expenditures. Fund balance for the General Fund had an increase of \$38,148.

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 \$223,848 in fund balance and \$3,643 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 \$38,148 in fund balance (See Exhibit B-1).

Capital Assets

The Alloway Township School investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounted to \$6,241,471 (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, 2012
Unaudited**

Alloway Township School District's Capital Assets

	2012		2011		Total	
	Governmental	Business- Type	Governmental	Business- Type	2012	2011
Land	153,751		153,751		153,751	153,751
Site improvements	71,289		75,518		71,289	75,518
Buildings	5,910,658		6,130,887		5,910,658	6,130,887
Machinery & equipment	105,773	4,710	80,007	4,884	110,483	84,891
Total	<u>6,241,471</u>	<u>4,710</u>	<u>6,440,163</u>	<u>4,884</u>	<u>6,246,181</u>	<u>6,445,047</u>

Long-Term Debt

At year-end, the District had \$2,516,000 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 2012-2013 increased due to a change in the state aid formula funding.
- 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, 2012

	Governmental Activities	Business-type Activities	Totals FY 2012
ASSETS			
Cash and cash equivalents	667,534	20,383	687,917
Receivables, net	79,027	973	80,000
Inventory		1,712	1,712
Restricted assets:			
Capital reserve account - cash	458,045		458,045
Capital assets			
Non-depreciable assets	153,751		153,751
Assets net of depreciation	6,087,720	4,710	6,092,430
Total assets	<u>7,446,077</u>	<u>27,778</u>	<u>7,473,855</u>
LIABILITIES			
Deferred revenue	6,868		6,868
Accounts payable	16,088		16,088
Payable to state government	1,975		1,975
Deferred revenue		4,320	4,320
Noncurrent liabilities:			
Due within one year	150,000		150,000
Due beyond one year	2,501,615	2,100	2,503,715
Total liabilities	<u>2,676,546</u>	<u>6,420</u>	<u>2,682,966</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,725,471	4,710	3,730,181
Restricted for:			
Capital projects	458,045		458,045
Other purposes	691,647		691,647
Unrestricted	(105,632)	16,648	(88,984)
Total net assets	<u>4,769,531</u>	<u>21,358</u>	<u>4,790,889</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2012

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	1,842,196			(1,842,196)		(1,842,196)
Special education	469,372		133,669	(335,703)		(335,703)
Other special education	104,039			(104,039)		(104,039)
Other instruction	29,050			(29,050)		(29,050)
Support services:						
Tuition	2,243,878			(2,243,878)		(2,243,878)
Student & instructional related services	585,392	129,476	80,483	(375,433)		(375,433)
General administration	268,006	81,243		(186,763)		(186,763)
School administrative services	152,487			(152,487)		(152,487)
Central services	371,392	210,000		(161,392)		(161,392)
Administration information tech.	242			(242)		(242)
Plant operations & maintenance	404,053			(404,053)		(404,053)
Pupil transportation	381,786			(381,786)		(381,786)
Employee benefits	1,395,945		5,476	(1,390,469)		(1,390,469)
Interest on long-term debt	109,640			(109,640)		(109,640)
Capital outlay	16,819			(16,819)		(16,819)
Unallocated depreciation	232,902			(232,902)		(232,902)
Total governmental activities	8,607,199	420,719	219,628	(7,966,852)		(7,966,852)
Business-type activities:						
Food service	143,559	103,879	35,417		(4,263)	(4,263)
Other activities	78,370	80,491			2,121	2,121
Total business-type activities	221,929	184,370	35,417		(2,142)	(2,142)
Total primary government	8,829,128	605,089	255,045	(7,966,852)	(2,142)	(7,968,994)
General revenues:						
Taxes:						
Property taxes, levied for general purpose, net				3,325,480		3,325,480
Taxes levied for debt service				259,640		259,640
Federal and State aid not restricted				4,310,771		4,310,771
Tuition charges				24,413		24,413
Investment earnings				26,709		26,709
Miscellaneous income				11,999		11,999
Loss on disposal of asset				(1,140)		(1,140)
Total general revenues, special items, extraordinary items and transfers				7,957,872		7,957,872
Change in net assets				(8,980)	(2,142)	(11,122)
Net assets - beginning				4,778,511	23,500	4,802,011
Net assets - end				4,769,531	21,358	4,790,889

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Totals FY 2012
ASSETS			
Cash and cash equivalents	605,873	4,731	610,604
Receivables from other governments	79,027		79,027
Restricted cash and cash equivalents	458,045		458,045
Total Assets	1,142,945	4,731	1,147,676
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	6,868		6,868
Accounts payable	12,575	2,756	15,331
Payable to state government		1,975	1,975
Total liabilities	19,443	4,731	24,174
Fund balances:			
Reserved for:			
Excess surplus - current year	154,324		154,324
Excess surplus - prior year - designated for subsequent year's expenditures	418,560		418,560
Maintenance reserve	40,000		40,000
Capital reserve	458,045		458,045
Assigned to:			
Other purposes	1,884		1,884
Designated by the BOE for subsequent year's expenditures	76,879		76,879
Unassigned:			
General fund	(26,190)		(26,190)
Total fund balances	1,123,502		1,123,502
Total liabilities and fund balances	1,142,945	4,731	

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012

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

FY 2012

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$9,961,300 and the accumulated depreciation is \$3,719,829 (See Note 6).

6,241,471

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 \$56,536 less \$363 which represents food service and are included in business-type activities in the Statement of Net Assets.

56,173

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).

(2,651,615)

Net assets of governmental activities

4,769,531

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, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Totals FY 2012
REVENUES				
Local tax levy	3,325,480		259,640	3,585,120
Tuition charges	24,413			24,413
Interest earned on investments	13,327			13,327
Interest earned on capital reserve funds	13,382			13,382
Miscellaneous	11,999	4,270		16,269
	<u>3,388,601</u>	<u>4,270</u>	<u>259,640</u>	<u>3,652,511</u>
State sources	4,178,914	3,629		4,182,543
Federal sources	131,857	211,729		343,586
Total revenues	<u>7,699,372</u>	<u>219,628</u>	<u>259,640</u>	<u>8,178,640</u>
EXPENDITURES				
Current:				
Regular instruction	1,842,686			1,842,686
Special education instruction	335,983	133,669		469,652
Other special instruction	103,799			103,799
Other instruction	29,050			29,050
Support services & undistributed costs:				
Tuition	2,243,878			2,243,878
Student & instruction related services	390,630	80,483		471,113
General administration	186,763			186,763
School administrative services	146,637			146,637
Central services	156,029			156,029
Administration information tech.	242			242
Plant operations and maintenance	401,103			401,103
Pupil transportation	381,786			381,786
Employee benefits	1,390,469	5,476		1,395,945
Debt service:				
Principal			150,000	150,000
Interest and other charges			109,640	109,640
Capital outlay	52,169			52,169
Total expenditures	<u>7,661,224</u>	<u>219,628</u>	<u>259,640</u>	<u>8,140,492</u>
Excess (deficiency) of revenues over expenditures	<u>38,148</u>			<u>38,148</u>
Net change in fund balances	38,148			38,148
Fund balance - July 1	1,085,354			1,085,354
Fund balance - June 30	<u>1,123,502</u>			<u>1,123,502</u>

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, 2012

Total net change in fund balances - governmental funds (from B-2)	38,148
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>	
<p>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.</p>	
Capital outlays	35,350
Depreciation expense	<u>(232,902)</u>
	(197,552)
<p>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.</p>	
Bond principal payments	150,000
<p>In the Statement of Activities, only the gain on disposal of capital assets is reported, whereas, in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed.</p>	
	(1,140)
<p>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 \$14,034 less \$0 for food service are included in the governmental activities and Statement of Net Assets (see Exhibit G-5).</p>	
	14,034
<p>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.</p>	
	<u>(12,470)</u>
Change in net assets of governmental activities	<u><u>(8,980)</u></u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2012

	<u>Business-type Activities</u>			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Funds	<u>Totals</u> FY 2012	
ASSETS				
Current assets:				
Cash and cash equivalents	1,432	18,588	20,020	57,293
Accounts receivable:	875	98	973	
Inventory	1,712		1,712	
Total current assets	<u>4,019</u>	<u>18,686</u>	<u>22,705</u>	<u>57,293</u>
Noncurrent assets:				
Furniture, machinery & equipment	61,214		61,214	
Less: accumulated depreciation	(56,504)		(56,504)	
Total non-current assets	<u>4,710</u>		<u>4,710</u>	
Total assets	<u>8,729</u>	<u>18,686</u>	<u>27,415</u>	
LIABILITIES				
Intergovernmental accounts payable				757
Deferred revenue		4,320	4,320	
Compensated absences	2,100		2,100	
Total liabilities	<u>2,100</u>	<u>4,320</u>	<u>6,420</u>	<u>757</u>
NET ASSETS				
Invested in capital assets net of related debt	4,710		4,710	
Unrestricted	1,919	14,366	16,285	56,536
Total net assets	<u>6,629</u>	<u>14,366</u>	<u>20,995</u>	<u>56,536</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, 2012

	Business-type Activities Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Activities	Totals FY 2012	
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs	54,304		54,304	
Daily sales-special milk program	524		524	
Daily sales non-reimbursable programs	37,526		37,526	
Other charges and fees				432,244
Community service activities		80,491	80,491	
Total operating revenue	92,354	80,491	172,845	432,244
OPERATING EXPENSES:				
Salaries	51,521	64,687	116,208	343,381
Employee benefits	17,761	5,970	23,731	70,334
Purchased professional/technical services	2,702	521	3,223	
Other purchased services (400-500 series)		900	900	2,533
Supplies and materials	459	3,510	3,969	897
Cost of sales	59,227		59,227	
Miscellaneous other expenses	190	2,782	2,972	1,065
Depreciation	174		174	
Total operating expenses	132,034	78,370	210,404	418,210
Operating income (loss)	(39,680)	2,121	(37,559)	14,034
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - State	1,573		1,573	
Federal sources:				
National school lunch program	28,741		28,741	
Special milk program	358		358	
Food distribution program	4,745		4,745	
Total non-operating revenues (expenses)	35,417		35,417	
Net income (loss)	(4,263)	2,121	(2,142)	14,034
Total net assets - beginning	10,892	12,245	23,137	42,502
Total net assets - ending	6,629	14,366	20,995	56,536

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Activities	Totals FY 2012	
Cash flows from operating activities:				
Receipts from customers	92,354	79,777	172,131	433,001
Payments to suppliers	(58,164)	(7,192)	(65,356)	(5,789)
Payments to employees	(50,946)	(64,687)	(115,633)	(343,381)
Payments for employee benefits	(17,761)	(5,970)	(23,731)	(70,334)
Net cash provided (used) by operating activities	<u>(34,517)</u>	<u>1,928</u>	<u>(32,589)</u>	<u>13,497</u>
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	<u>29,798</u>		<u>29,798</u>	
Net cash provided by non-capital financing activities	<u>29,798</u>		<u>29,798</u>	
Net increase in cash & cash equivalents	(4,719)	1,928	(2,791)	13,497
Cash and cash equivalents - July 1	6,151	16,660	22,811	43,796
Cash and cash equivalents - June 30	<u>1,432</u>	<u>18,588</u>	<u>20,020</u>	<u>57,293</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(39,680)	2,121	(37,559)	14,034
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	174		174	
Food distribution program	4,745		4,745	
Change in assets and liabilities:				
Increase (decrease) in accts. receivable		261	261	
(Increase) decrease in inventory	(331)		(331)	
Increase (decrease) in deferred revenue		(454)	(454)	
Increase in accounts payable				(537)
Increase in compensated absences	575		575	
	<u>(34,517)</u>	<u>1,928</u>	<u>(32,589)</u>	<u>13,497</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	FY 2012
ASSETS	
Current assets:	
Cash and cash equivalents	44,195
	44,195
Total assets	44,195
LIABILITIES	
Current liabilities:	
Due to student groups	15,933
Payroll deductions and withholdings	28,262
	44,195
Total current liabilities	44,195

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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 childcare programs are classified as business-type activities.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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 childcare). 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 non-instructional equipment which are classified in the Capital Outlay subfund.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012**

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 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, 2012**

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, 2012, consisted of the following:

Food - Commodities	1,163
Food	549
	<u>1,712</u>

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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 G.A.S.B. No. 33. In applying G.A.S.B. 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, 2012**

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, 2012**

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, 2012**

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.

T. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

U. Fund Balance Reserves

Fund Balance - The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Non-spendable - The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance Reserves (Continued)

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

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 Unit Deposit 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, 2012 and 2011, was \$1,190,157 and \$1,067,412. As of June 30, 2012 and 2011, \$0 of the District's bank balance of \$1,451,347 and \$1,354,914, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2012 and 2011, 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.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3: INVESTMENTS (CONTINUED)

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.

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, 2012, (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	79,027	44
Other		98
Federal aid		831
	79,027	973

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, 2012, L.R.F.P. balance of local support costs of uncompleted capital projects is \$1,380,000.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5: CAPITAL RESERVE ACCOUNT (CONTINUED)

Beginning balance, July 1, 2011	444,663
Interest earnings	13,382
Ending balance June 30, 2012	<u>458,045</u>

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2012.

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2012</u>
Governmental activities:				
Capital assets not being depreciated				
Sites (land)	<u>153,751</u>			<u>153,751</u>
Total capital assets not being depreciated	<u>153,751</u>			<u>153,751</u>
Site improvements	157,319			157,319
Building & building improvements	9,053,628			9,053,628
Machinery & equipment	<u>609,857</u>	<u>35,350</u>	<u>48,605</u>	<u>596,602</u>
Totals at historical cost	<u>9,820,804</u>	<u>35,350</u>	<u>48,605</u>	<u>9,807,549</u>
Less: accumulated depreciation				
Site improvements	(81,801)	(4,229)		(86,030)
Building & building improvements	(2,922,741)	(220,229)		(3,142,970)
Machinery & equipment	<u>(529,850)</u>	<u>(8,444)</u>	<u>47,465</u>	<u>(490,829)</u>
Total accumulated depreciation	<u>(3,534,392)</u>	<u>(232,902)</u>	<u>47,465</u>	<u>(3,719,829)</u>
Governmental activities capital assets, net	<u>6,440,163</u>	<u>(197,552)</u>	<u>1,140</u>	<u>6,241,471</u>
Business-type activities:				
Machinery & equipment	61,214			61,214
Less: accumulated depreciation	<u>(56,330)</u>	<u>(174)</u>		<u>(56,504)</u>
Business-type capital assets, net	<u>4,884</u>	<u>(174)</u>	None	<u>4,710</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, 2012, was \$2,516,000.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Long-term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2012, are as follows:

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2012</u>	<u>Due within one year</u>
Compensated absences	123,145	21,140	8,670	135,615	
Bonds payable	2,666,000		150,000	2,516,000	150,000
	<u>2,789,145</u>	<u>21,140</u>	<u>158,670</u>	<u>2,651,615</u>	<u>150,000</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>
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	200,000	75,000	275,000
2018-2022	1,000,000	253,500	1,253,500
2023-2025	600,000	51,000	651,000
	<u>2,516,000</u>	<u>753,860</u>	<u>3,269,860</u>

Bonds Authorized but Not Issued

As of June 30, 2012, 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, 2012**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Other (Continued)

For the year ended June 30, 2012, 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_archive.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. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for T.P.A.F. and P.E.R.S. increased from 5.5% of employees' annual compensation, as defined, to 6.5%. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in P.E.R.S. 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, 2012**

NOTE 8: PENSION FUNDS (CONTINUED)

Funding Policy (Continued) - The District's contributions to P.E.R.S. for the years ending June 30, 2012, 2011 and 2010, were \$66,170, \$66,679 and \$50,000, respectively, equal to the required contributions for each year. The School District's share of T.P.A.F. for the years ending June 30, 2012, 2011 and 2010, were \$268,601, \$189,118 and \$178,269, respectively, 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, 2012, 2011 and 2010, were \$3,724,638, \$3,665,781 and \$3,666,372; covered payroll was \$2,915,914, \$2,845,475 and \$2,772,470 for T.P.A.F. and \$471,630, \$515,159 and \$603,582 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's contributions for the year ended June 30, 2012, 2011 and 2010, were \$2,845, \$985 and \$0 for covered employees.

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 25 years of credited service or on a disability retirement. P.L. 2007, C.103 amended the law to eliminate the funding of post-retirement medical benefits through the 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, 2011, there were 93,323 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 board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012, is \$135,615. The liability for compensated absences in the food service fund at June 30, 2012, is \$2,100.

NOTE 12: LABOR CONTRACTS

As of June 30, 2012, the District's employees are organized in the Alloway Education Association collective bargaining unit which expired June 30, 2012.

NOTE 13: EMPLOYEE BENEFITS

The district established and maintains a cafeteria plan for health benefits required by *N.J.S.A. 18A:16-19.1* as amended by P.L. 2011, c.78, s. 51. The District entered into a pre-tax benefits plan with AFLAC. The medical care reimbursement plan maximum amount for tenured staff as of July 1, 2011, was \$1,000 and \$525 for non-tenured staff.

NOTE 14: RISK MANAGEMENT

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

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 14: RISK MANAGEMENT

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) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2012, 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 15: FUND BALANCE APPROPRIATED

Restrictions of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (N.J.S.A. 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2012.

Restricted Fund Balance

Capital Reserve Account - Of the \$458,045 balance in the capital reserve account at June 30, 2012, \$0 has been designated for utilization in the 2012-2013 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 15: FUND BALANCE APPROPRIATED (CONTINUED)

Maintenance Reserve Account - Of the \$40,000 balance in the maintenance reserve account at June 30, 2012, \$0 has been designated for utilization in the 2012-2013 budget. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Excess Surplus - At June 30, 2012, excess surplus created in FY 2011 of \$418,560 will be utilized for expenditures in the 2012-2013 budget, while excess surplus created in FY 2012 of \$154,324 is restricted and will be utilized for budget expenditures in 2013-2014.

Debt Service Fund - At June 30, 2012, there was \$0 fund balance.

Committed Fund Balance - The District had no fund balance at June 30, 2012.

Assigned Fund Balance - At June 30, 2012, the Board of School Estimates has assigned \$76,879 of general fund balance to expenditures in the 2012-2013 budget. \$1,884 was assigned for other purposes as of the year end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance - At June 30, 2012, the District has (\$26,190) of unassigned fund balance in the general fund.

NOTE 16: 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, 2012, is \$572,884.

NOTE 17: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$26,190 (Exhibit B-1) in the General Fund as of June 30, 2012, 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.

Since the state is recording the last state aid payment in the subsequent fiscal year, the School District cannot 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.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 17: DEFICIT FUND BALANCES (CONTINUED)

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the G.A.A.P. statements of \$26,190 is less than the last state aid payment.

NOTE 18: ECONOMIC DEPENDENCY

The District is heavily reliant on state sources to fund the District operations. State sources funded approximately 51% of the District's 2011-2012 governmental fund revenue, while local tax levy accounted for approximately 44%.

NOTE 19: 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, 2012, amounted to \$12,156. Future minimum lease payments are as follows:

Year Ended	
June 30	Amount
2013	11,731
2014	7,050
2015	7,050
	<u>25,831</u>

NOTE 20: INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances remaining on the balance sheet at June 30, 2012.

NOTE 21: 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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	3,325,480		3,325,480	3,325,480	
Tuition - Other LEA's				24,413	
Interest on investments	5,000		5,000	13,327	8,327
Interest on capital reserve funds	5,000		5,000	13,382	8,382
Miscellaneous	16,000		16,000	11,999	(4,001)
Total - local sources	<u>3,351,480</u>		<u>3,351,480</u>	<u>3,388,601</u>	<u>12,708</u>
State sources:					
Equalization aid	2,957,656		2,957,656	2,957,656	
Transportation aid	242,703		242,703	282,952	40,249
Special education aid	307,010		307,010	307,010	
Security aid	43,409		43,409	43,409	
Adjustment aid				36,630	36,630
Extraordinary aid				76,069	76,069
Nonpublic transportation costs				2,958	2,958
Teachers' Pension & Annuity Fund - non contributory group insurance (on-behalf non-budgeted)				8,647	8,647
T.P.A.F. post retirement medical (on-behalf non-budgeted)				259,954	259,954
Reimbursed T.P.A.F. social security contributions (non-budgeted)				214,602	214,602
Total - state sources	<u>3,550,778</u>		<u>3,550,778</u>	<u>4,189,887</u>	<u>639,109</u>
Federal sources:					
Education jobs fund	127,852	4,005	131,857	131,857	
Total - federal sources	<u>127,852</u>	<u>4,005</u>	<u>131,857</u>	<u>131,857</u>	
Total revenues	<u>7,030,110</u>	<u>4,005</u>	<u>7,034,115</u>	<u>7,710,345</u>	<u>651,817</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	75,181	(1,200)	73,981	72,716	1,265
Kindergarten	164,781		164,781	163,271	1,510
Grades 1-5	922,548	25,712	948,260	948,184	76
Grades 6-8	479,250	7,000	486,250	484,932	1,318
Regular programs - home instruction:					
Salaries of teachers	1,100	1,100	2,200	1,853	347
Purchased professional-education services	2,000	1,900	3,900	3,239	661
Regular programs - undistributed instruction:					
Other salaries for instruction	17,000		17,000	15,581	1,419
Purchased professional-education services	800		800		800
Purchased technical services	21,000	(11,900)	9,100	9,092	8
Other purchased services (400-500 series)	50,930	(17,900)	33,030	33,025	5
General supplies	102,872	5,000	107,872	105,908	1,964
Textbooks	1,500		1,500	400	1,100
Miscellaneous expenditures	3,475	1,200	4,675	4,485	190
Total regular programs	1,842,437	10,912	1,853,349	1,842,686	10,663
Special education - instruction:					
Multiple disabilities:					
Salaries of teachers	64,469	(64,469)			
General supplies	500	(500)			
Total multiple disabilities	64,969	(64,969)			
Resource room					
Salaries of teachers	273,922	17,469	291,391	291,049	342
Other salaries for instruction	48,500	(3,200)	45,300	43,197	2,103
General supplies	3,600	(1,850)	1,750	1,737	13
Total resource room	326,022	12,419	338,441	335,983	2,458
Total special education	390,991	(52,550)	338,441	335,983	2,458
Basic skills/remedial					
Salaries of teachers	95,029	9,000	104,029	102,704	1,325
General supplies	1,231		1,231	1,095	136
Total basic skills/remedial	96,260	9,000	105,260	103,799	1,461
School sponsored co-curricular activities					
Salaries	27,499	2,000	29,499	29,050	449
Total school sponsored co-curricular activities	27,499	2,000	29,499	29,050	449
Total other instructional programs	123,759	11,000	134,759	132,849	1,910
Total - instruction	2,357,187	(30,638)	2,326,549	2,311,518	15,031

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures					
Instruction:					
Tuition to other LEA's within state-regular	2,030,687	6,000	2,036,687	2,035,849	838
Tuition to other LEA's within state-special	110,017	(3,200)	106,817	106,785	32
Tuition to county special services district/ regional day schools	27,812	(3,600)	24,212	24,133	79
Tuition to private schools for the handicapped-state	48,811	28,400	77,211	77,111	100
Total undistributed expenditures - instruction	2,217,327	27,600	2,244,927	2,243,878	1,049
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	71,462		71,462	71,462	
Purchased professional/technical services	5,445	(300)	5,145	5,048	97
Supplies and materials	1,918	300	2,218	2,179	39
Total health services	78,825		78,825	78,689	136
Related services					
Salaries of teachers	42,100	5,900	48,000	47,949	51
Purchased professional-education services	13,000	(10,475)	2,525	2,525	
Supplies and materials	850		850	468	382
Total related services	55,950	(4,575)	51,375	50,942	433
Extraordinary services					
Other salaries for instruction	15,958	(3,700)	12,258	12,257	1
Purchased educational services	8,000	13,350	21,350	21,290	60
Supplies and materials	1,200		1,200		1,200
Total extraordinary services	25,158	9,650	34,808	33,547	1,261
Other support services - guidance services					
Salaries of other professional staff	70,400		70,400	70,389	11
Supplies and materials	3,561	(1,600)	1,961	1,210	751
Total other support services - guidance services	73,961	(1,600)	72,361	71,599	762
Other support services - child study team					
Salaries of other professional staff	108,600	(17,400)	91,200	90,831	369
Salaries of secretarial and clerical	3,340	(3,340)			
Other purchased professional-tech. services	3,000		3,000	1,225	1,775
Other purchased services	1,500		1,500	1,222	278
Supplies and materials	1,200		1,200	906	294
Total other support services - child study team	117,640	(20,740)	96,900	94,184	2,716
Improvement of instructional services/other support services - instructional staff					
Salaries of professional staff	2,700		2,700	810	1,890
Total improvement of instructional services/ other support services - instructional staff	2,700		2,700	810	1,890

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational media services/school library					
Salaries	35,640		35,640	35,158	482
Salaries technology coordinator		8,640	8,640	8,640	
Purchased professional-technical services	2,580		2,580	2,540	40
Other purchased services	5,635	(3,500)	2,135	2,020	115
Supplies and materials	7,030		7,030	5,179	1,851
Total educational media services/school library	50,885	5,140	56,025	53,537	2,488
Instructional staff training					
Salaries of other professional staff	2,000	(2,000)			
Purchased professional-education services	1,053	2,072	3,125	2,038	1,087
Other purchased services	1,800	(100)	1,700	1,246	454
Supplies and materials		28	28	28	
Total instructional staff training	4,853		4,853	3,312	1,541
Support services general administration					
Salaries	105,703	80	105,783	105,730	53
Legal services	5,000	22,800	27,800	27,752	48
Audit services	12,000	(900)	11,100	11,100	
Other professional services	6,350	(600)	5,750	5,721	29
Purchased technical services	2,200		2,200	1,788	412
Communications/telephone	13,750		13,750	13,077	673
Other purchased services (400-500 series)	19,563	(4,600)	14,963	13,782	1,181
Supplies and materials	1,800	(80)	1,720	1,655	65
BOE training/meeting supplies	1,500	(1,500)			
Miscellaneous expenditures	2,400	(1,000)	1,400	1,065	335
BOE member dues	5,500		5,500	5,093	407
Total support services general administration	175,766	14,200	189,966	186,763	3,203
Support services school administration					
Salaries of principals/assistant principals	104,782	2	104,784	104,784	
Salaries of secretarial and clerical assistants	40,800	(802)	39,998	39,305	693
Other purchased services (400-500 series)	500		500	434	66
Supplies and materials	1,300		1,300	1,188	112
Other objects	1,200		1,200	926	274
Total support services school administration	148,582	(800)	147,782	146,637	1,145
Central services					
Salaries	133,350	7,100	140,450	140,146	304
Purchased technical services	11,810	(1,950)	9,860	9,843	17
Other purchased services (400-500 series)	3,300	(50)	3,250	2,314	936
Supplies and materials	2,500		2,500	2,496	4
Miscellaneous expenditures	1,200	50	1,250	1,230	20
Total central services	152,160	5,150	157,310	156,029	1,281
Administration information technology					
Salaries	1,500	(1,000)	500	242	258
Total information technology	1,500	(1,000)	500	242	258

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Required maintenance for school facilities					
Salaries	27,000		27,000	26,727	273
Cleaning, repair and maintenance services	46,400	(15,500)	30,900	30,858	42
Total required maintenance for school facilities	73,400	(15,500)	57,900	57,585	315
Custodial services					
Salaries non-instructional aides	15,361		15,361	10,862	4,499
Other salaries	117,800	(5,000)	112,800	108,307	4,493
Purchased professional and technical services	6,920	2,500	9,420	8,624	796
Cleaning, repair and maintenance services	34,500	(12,500)	22,000	20,100	1,900
Other purchased property services	36,000		36,000	33,687	2,313
Insurance	29,600	(4,800)	24,800	24,702	98
Miscellaneous purchased services	1,100	500	1,600	1,203	397
General supplies	24,000		24,000	15,805	8,195
Energy - electricity	90,000	(8,900)	81,100	81,055	45
Energy - oil	45,000	(3,600)	41,400	39,173	2,227
Total other operation and maintenance of plant services	400,281	(31,800)	368,481	343,518	24,963
Total operation and maintenance of plant services	473,681	(47,300)	426,381	401,103	25,278
Student transportation services					
Salaries - non-instructional aides	3,450	800	4,250	3,683	567
Contracted services (between home and school) - vendors	286,626	(14,250)	272,376	270,596	1,780
Contracted services (other than between home and school) - vendors	6,600	(2,000)	4,600	4,105	495
Contracted services (regular students) - joint agreements	2,000	(800)	1,200	780	420
Contracted services (special education students) - joint agreements	2,000	(2,000)			
Contracted services (regular students) - E.S.C. and C.T.S.A.	5,000	8,500	13,500	11,917	1,583
Contracted services (special education students) - E.S.C. and C.T.S.A.	43,581	31,050	74,631	74,083	548
Aid in lieu	24,884	(6,300)	18,584	16,622	1,962
Total student transportation services	374,141	15,000	389,141	381,786	7,355
Unallocated benefits					
Social security contributions	47,000	4,905	51,905	51,889	16
Other retirement contributions - regular	70,000	6,982	76,982	75,997	985
Unemployment compensation	13,000		13,000	11,923	1,077
Workers' compensation	30,100	(5,000)	25,100	25,027	73
Health benefits	743,941	(12,684)	731,257	730,525	732
Tuition reimbursement	6,000	(1,585)	4,415	4,405	10
Other employee benefits		7,500	7,500	7,500	
Total unallocated benefits	910,041	118	910,159	907,266	2,893
Teachers' Pension & Annuity Fund - non contributory group insurance (on-behalf non-budgeted)				8,647	(8,647)
T.P.A.F. post retirement medical (on-behalf non-budgeted)				259,954	(259,954)
Reimbursed T.P.A.F. social security contributions (non-budgeted)				214,602	(214,602)
Total non-budgeted				483,203	(483,203)
Total undistributed expenditures	4,868,195	843	4,869,038	5,297,537	(428,499)
Total expenditures - current expense	7,225,382	(29,795)	7,195,587	7,609,055	(413,468)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment:					
Undistributed expenditures					
Operation of plant services	2,400	17,500	19,900	19,900	
Required maintenance		16,300	16,300	15,450	850
Total equipment	2,400	33,800	36,200	35,350	850
Facilities acquisition and construction services					
Other objects	16,819		16,819	16,819	
Total facilities acquisition and construction services	16,819		16,819	16,819	
Total capital outlay	19,219	33,800	53,019	52,169	850
Total expenditures	7,244,601	4,005	7,248,606	7,661,224	(412,618)
Other financing sources (uses)					
Operating transfer out:					
Transfer to food service - board contribution	(8,000)		(8,000)		
Total other financing sources (uses)	(8,000)		(8,000)		
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(222,491)		222,491	49,121	239,199
Fund balances - July 1	1,429,598		1,429,598	1,429,598	
Fund balances - June 30	1,207,107		1,652,089	1,478,719	239,199
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				458,045	
Maintenance reserve				40,000	
Excess surplus - designated for subsequent year's expenditures				418,560	
Excess surplus - current year				154,324	
Assigned Fund Balance:					
Year-end encumbrances				1,884	
Designated for subsequent year's expenditures				76,879	
Unassigned Fund Balance				329,027	
				1,478,719	
Reconciliation to Governmental Fund Statements (G.A.A.P.):					
Last state aid payment not recognized on G.A.A.P. basis				(355,217)	
Fund balance per Governmental Funds (G.A.A.P.)				1,123,502	

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Education Jobs Fund Program
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal sources					
Education jobs fund	127,852	4,005	131,857	131,857	
Total revenues	<u>127,852</u>	<u>4,005</u>	<u>131,857</u>	<u>131,857</u>	
EXPENDITURES:					
Education jobs fund					
Grades 1-5					
Salaries of teachers	100,000	(26,888)	73,112	73,112	
Salaries of technology coordinator		8,640	8,640	8,640	
Employee benefits					
Social security contributions		5,905	5,905	5,905	
Other retirement contributions - regular		6,982	6,982	6,982	
Health benefits	27,852	2,116	29,968	29,968	
Purchased technical services		7,250	7,250	7,250	
Total education jobs fund	<u>127,852</u>	<u>4,005</u>	<u>131,857</u>	<u>131,857</u>	

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	51,164	167,297	218,461	211,729	6,732
State sources	3,352	2,252	5,604	3,629	1,975
Local sources	4,270		4,270	4,270	
Total revenues	58,786	169,549	228,335	219,628	8,707
EXPENDITURES:					
Instruction:					
Salaries of teachers	34,076	(9,555)	24,521	24,521	
Other salaries for instruction		79,278	79,278	79,278	
Purchased professional - technical services	1,815	2,252	4,067	2,151	1,916
Other purchased services (400-500 series)		21,529	21,529	21,529	
Supplies and materials		12,443	12,443	5,711	6,732
Textbooks	538		538	479	59
Total instruction	36,429	105,947	142,376	133,669	8,707
Support services:					
Salaries of secretarial and clerical assistants		16,800	16,800	16,800	
Personal services - employee benefits	5,765	(289)	5,476	5,476	
Purchased professional - educational services	5,000	44,146	49,146	49,146	
Purchased professional - technical services	750	750	1,500	1,500	
Other purchased professional services	768		768	768	
Other purchased services (400-500 series)	5,754	2,132	7,886	7,886	
Supplies and materials	4,320	63	4,383	4,383	
Total support services	22,357	63,602	85,959	85,959	
Total expenditures	58,786	169,549	228,335	219,628	8,707

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, 2012

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
Sources/inflows of resources:				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1]	7,710,345	[C-2]	219,628
Difference - budget to G.A.A.P.:				
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.		344,244		
State aid payment recognized for budgetary purposes, not recognized for G.A.A.P. statements.		(355,217)		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	7,699,372	[B-2]	219,628
Uses/outflows of resources:				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1]	7,661,224	[C-2]	219,628
Difference - budget to G.A.A.P.:				
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]	7,661,224	[B-2]	219,628

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, 2012

	Total Brought Forward Ex. E-1a	Nonpublic Nursing	Nonpublic Exam & Classification	Nonpublic Supplemental Instruction	Totals	
					FY 2012	FY 2011
REVENUES:						
Federal sources	211,729				211,729	292,610
State sources	710	768	1,449	702	3,629	2,444
Local sources	4,270				4,270	6,076
Total revenues	216,709	768	1,449	702	219,628	224,496
EXPENDITURES:						
Instruction:						
Salaries of teachers	24,521				24,521	55,101
Other salaries for instruction	79,278				79,278	97,493
Purchased professional technical services			1,449	702	2,151	1,015
Other purchased services (400-500 series)	21,529				21,529	40,035
General supplies	5,711				5,711	6,956
Textbooks	479				479	568
Total instruction	131,518		1,449	702	133,669	201,168
Support services:						
Salaries of secretarial and clerical assistants	16,800				16,800	16,800
Personal services - employee benefits	5,476				5,476	11,725
Purchased professional - educational services	49,146				49,146	48,362
Purchased professional - technical services	1,500				1,500	3,199
Other purchased professional services		768			768	674
Other purchased services (400-500 series)	7,886				7,886	14,376
Supplies and materials	4,383				4,383	4,826
Total support services	85,191	768			85,959	99,962
Total expenditures	216,709	768	1,449	702	219,628	301,130

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Total Brought Forward Ex. E-1b	Title I Part A	Title II, Part A Teacher & Principal Training & Recruiting	Rural Education Achievement Program	N.J.S.B.A. Safety Incentive Grant	Total Carried Forward
REVENUES:						
Federal sources	130,159	30,418	18,857	32,295		211,729
State sources	710					710
Local sources					4,270	4,270
Total revenues	130,869	30,418	18,857	32,295	4,270	216,709
EXPENDITURES:						
Instruction:						
Salaries of teachers		16,017	5,200	3,304		24,521
Other salaries for instruction	50,830	8,543		19,905		79,278
Other purchased services (400-500 series)	21,529					21,529
General supplies				5,711		5,711
Textbooks	479					479
Total instruction	72,838	24,560	5,200	28,920		131,518
Support services:						
Salaries of secretarial and clerical assistants	16,800					16,800
Personal services - employee benefits		3,203	398	1,875		5,476
Purchased professional - educational services	41,000		8,146			49,146
Purchased professional - technical services					1,500	1,500
Other purchased services (400-500 series)	231	2,655	3,500	1,500		7,886
Supplies and materials			1,613		2,770	4,383
Total support services	58,031	5,858	13,657	3,375	4,270	85,191
Total expenditures	130,869	30,418	18,857	32,295	4,270	216,709

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	I.D.E.A. Basic Part B FY 2012	I.D.E.A. Basic Part B FY 2011	I.D.E.A. Preschool	Nonpublic Textbooks	Nonpublic Transportation	Total Carried Forward
REVENUES:						
Federal sources	122,362	3,679	4,118			130,159
State sources				479	231	710
Total revenues	122,362	3,679	4,118	479	231	130,869
EXPENDITURES:						
Instruction:						
Other salaries for instruction	46,712		4,118			50,830
Other purchased services (400-500 series)	17,850	3,679				21,529
Textbooks				479		479
Total instruction	64,562	3,679	4,118	479		72,838
Support services:						
Other salaries	16,800					16,800
Purchased professional educational services	41,000					41,000
Other purchased services (400-500 series)					231	231
Total support services	57,800				231	58,031
Total expenditures	122,362	3,679	4,118	479	231	130,869

PROPRIETARY FUNDS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2012

	Major Funds		Totals	
	Business-type Activities		FY 2012	FY 2011
	Food Service Fund	Other Funds		
ASSETS				
Current assets:				
Cash and cash equivalents	1,432	18,588	20,020	22,811
Accounts receivable:				
State	44		44	
Federal	831		831	
Other		98	98	359
Inventory	1,712		1,712	1,382
Total Current assets	4,019	18,686	22,705	24,552
Noncurrent assets:				
Furniture, machinery & equipment	61,214		61,214	61,214
Less: accumulated depreciation	(56,504)		(56,504)	(56,330)
Total Non-current assets	4,710		4,710	4,884
Total assets	8,729	18,686	27,415	29,436
LIABILITIES				
Deferred revenue		4,320	4,320	4,774
Compensated absences	2,100		2,100	1,525
Total liabilities	2,100	4,320	6,420	6,299
NET ASSETS				
Invested in capital assets net of related debt	4,710		4,710	4,884
Unrestricted	1,919	14,366	16,285	18,253
Total net assets	6,629	14,366	20,995	23,137

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2012

	Major Funds		Totals	
	Business-type Activities		FY 2012	FY 2011
	Food Service Fund	Other Funds		
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs:	54,304		54,304	62,128
Daily sales special milk program	524		524	392
Daily sales non-reimbursable programs	37,526		37,526	37,393
Community service activities		80,491	80,491	77,871
Total operating revenue	92,354	80,491	172,845	177,784
OPERATING EXPENSES:				
Salaries	51,521	64,687	116,208	116,575
Employee benefits	17,761	5,970	23,731	31,831
Purchased professional - technical services	2,702	521	3,223	1,921
Other purchased services		900	900	1,995
Supplies and materials	459	3,510	3,969	7,376
Cost of sales	59,227		59,227	64,436
Miscellaneous other expenses	190	2,782	2,972	1,841
Depreciation	174		174	814
Total operating expenses	132,034	78,370	210,404	226,789
Operating income (loss)	(39,680)	2,121	(37,559)	(49,005)
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - State	1,573		1,573	1,690
Federal sources:				
National school lunch program	28,741		28,741	29,593
Special milk program	358		358	279
Food distribution program	4,745		4,745	5,508
Total non-operating revenues (expenses)	35,417		35,417	37,070
Income (loss) before operating transfers	(4,263)	2,121	(2,142)	(11,935)
Board contribution				
Net income (loss)	(4,263)	2,121	(2,142)	(11,935)
Total net Assets - July 1	10,892	12,245	23,137	35,072
Total net assets - June 30	6,629	14,366	20,995	23,137

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2012

	Major Funds		Totals	
	Business-type Activities		FY 2012	FY 2011
	Food Service Fund	Other Funds		
Cash flows from operating activities:				
Receipts from customers	92,354	79,777	172,131	182,149
Payments to suppliers	(58,164)	(7,192)	(65,356)	(70,365)
Payments to employees	(50,946)	(64,687)	(115,633)	(116,500)
Payments for employee benefits	(17,761)	(5,970)	(23,731)	(31,831)
Net cash provided (used) by operating activities	(34,517)	1,928	(32,589)	(36,547)
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	29,798		29,798	33,681
Net cash provided by non-capital financing activities	29,798		29,798	33,681
Net increase in cash and cash equivalents	(4,719)	1,928	(2,791)	(2,866)
Cash and cash equivalents - July 1	6,151	16,660	22,811	25,677
Cash and cash equivalents - June 30	1,432	18,588	20,020	22,811
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(39,680)	2,121	(37,559)	(49,005)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	174		174	814
Food distribution program	4,745		4,745	5,508
Change in assets and liabilities:				
(Increase) decrease in accts. receivable		261	261	89
(Increase) decrease in inventory	(331)		(331)	826
Increase (decrease) in deferred revenue		(454)	(454)	(5,534)
Increase (decrease) in compensated absences	575		575	
	(34,517)	1,928	(32,589)	(47,302)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Internal Service Fund
 Combining Schedule of Net Assets
 For the Fiscal Year Ended June 30, 2012

	Business-type Activities					Total	
	Food Services	Superintendent	Custodial	Shared Business Services	Child Study Team Consortium	FY 2012	FY 2011
	ASSETS						
Current assets:							
Cash and cash equivalents	363	757	1,994	18,307	35,872	57,293	43,796
Total assets	363	757	1,994	18,307	35,872	57,293	43,796
LIABILITIES AND NET ASSETS							
Intergovernmental accounts payable		757				757	1,294
Net assets							
Unrestricted	363		1,994	18,307	35,872	56,536	42,502
Total liabilities and net assets	363	757	1,994	18,307	35,872	57,293	43,796

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, 2012

	Business-type Activities					Total	
	Food	Superintendent	Custodial	Shared	Child	FY 2012	FY 2011
	Services			Business	Study Team		
OPERATING REVENUES:							
Local sources:							
Other charges and fees	11,525	81,243		210,000	129,476	432,244	375,063
Total operating revenue	<u>11,525</u>	<u>81,243</u>		<u>210,000</u>	<u>129,476</u>	<u>432,244</u>	<u>375,063</u>
OPERATING EXPENSES:							
Salaries	3,900	65,890		172,849	100,742	343,381	293,603
Employee benefits	7,625	13,448		28,987	20,274	70,334	62,297
Other purchased services (400-500 series)				2,450	83	2,533	1,964
Supplies and materials		840		57		897	1,241
Other objects		1,065				1,065	840
Total operating expenses	<u>11,525</u>	<u>81,243</u>		<u>204,343</u>	<u>121,099</u>	<u>418,210</u>	<u>359,945</u>
Net changes in net assets				5,657	8,377	14,034	15,118
Total net assets - July 1	<u>363</u>		1,994	<u>12,650</u>	<u>27,495</u>	<u>42,502</u>	<u>27,384</u>
Total net assets - June 30	<u><u>363</u></u>		<u><u>1,994</u></u>	<u><u>18,307</u></u>	<u><u>35,872</u></u>	<u><u>56,536</u></u>	<u><u>42,502</u></u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2012

	Business-type Activities					Total	
	Food	Superintendent	Custodial	Shared	Child	FY 2012	FY 2011
	Services			Business	Study Team		
Cash flows from operating activities							
Receipts from customers	11,525	82,000		210,000	129,476	433,001	374,153
Payments to suppliers		(3,199)		(2,507)	(83)	(5,789)	(4,045)
Payments to employees	(3,900)	(65,890)		(172,849)	(100,742)	(343,381)	(293,603)
Payments for employee benefits	(7,625)	(13,448)		(28,987)	(20,274)	(70,334)	(62,297)
Net cash provided (used) by operating activities		(537)		5,657	8,377	13,497	14,208
Net increase in cash and cash equivalents		(537)		5,657	8,377	13,497	14,208
Cash and cash equivalents - July 1	363	1,294	1,994	12,650	27,495	43,796	29,588
Cash and cash equivalents - June 30	363	757	1,994	18,307	35,872	57,293	43,796
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)				5,657	8,377	14,034	15,118
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:							
Change in assets & liabilities:							
Increase in accounts payable		(537)				(537)	(910)
		(537)		5,657	8,377	13,497	14,208

FIDUCIARY FUNDS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Combining Statement of Fiduciary Net Assets
 For the Fiscal Year Ended June 30, 2012

	Agency Funds	Total	
		FY 2012	FY 2011
ASSETS			
Cash and cash equivalents	44,195	44,195	43,342
Total assets	<u>44,195</u>	<u>44,195</u>	<u>43,342</u>
LIABILITIES			
Due to student groups	15,933	15,933	14,623
Payroll deductions and withholdings	28,262	28,262	28,719
Total liabilities	<u>44,195</u>	<u>44,195</u>	<u>43,342</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2012

	Balance July 1, 2011	Cash Receipts	Cash Disbursements	Balance June 30, 2012
ACTIVITIES				
Alloway School	14,623	37,843	36,533	15,933

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS				
Cash and cash equivalents	28,719	4,142,838	4,143,295	28,262
Total assets	<u>28,719</u>	<u>4,142,838</u>	<u>4,143,295</u>	<u>28,262</u>
LIABILITIES				
Employees' net pay		2,363,979	2,363,979	
Payroll deductions and withholdings	28,719	1,778,689	1,779,146	28,262
Interfund payable		170	170	
Total liabilities	<u>28,719</u>	<u>4,142,838</u>	<u>4,143,295</u>	<u>28,262</u>

LONG-TERM DEBT

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 General Long-Term Debt Account Group
 Schedule of Serial Bonds
 June 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2011	Issued	Retired	Balance June 30, 2012
			Date	Amount					
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	03/01/13	150,000	4.00%	2,666,000			2,516,000
			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>2,666,000</u>	<u>None</u>	<u>150,000</u>	<u>2,516,000</u>	

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	259,640		259,640	259,640	
Total revenues	<u>259,640</u>		<u>259,640</u>	<u>259,640</u>	
EXPENDITURES:					
Regular debt service:					
Interest	109,640		109,640	109,640	
Redemption of principal	150,000		150,000	150,000	
Total regular debt service	<u>259,640</u>		<u>259,640</u>	<u>259,640</u>	
Total expenditures	<u>259,640</u>		<u>259,640</u>	<u>259,640</u>	

**STATISTICAL SECTION
(Unaudited)**

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION**

Contents	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	86-92
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	93-96
Debt Capacity 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.	97-100
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	101-102
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	103-107

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Net Assets By Component
 Last Nine Fiscal Years
 For the Fiscal Year Ended June 30, 2012
 Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	3,725,471
Restricted	691,329	6,756,835	5,888,520	1,725,416	982,934	1,187,631	1,002,695	1,127,071	1,149,692
Unrestricted	34,044	(81,805)	(110,561)	33,239	27,971	(181,742)	(188,600)	(122,723)	(105,632)
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>	<u>4,769,531</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	4,710
Unrestricted	46,369	46,499	35,446	32,595	36,471	20,774	29,732	18,616	16,648
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>	<u>21,358</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	3,730,181
Restricted	691,329	6,756,835	5,888,520	1,725,416	982,934	1,187,631	1,002,695	1,127,071	1,149,692
Unrestricted	80,413	(35,306)	(75,115)	65,834	64,442	(160,968)	(158,868)	(104,107)	(88,984)
	<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>	<u>4,790,889</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Assets
Last Nine Fiscal Years
For the Fiscal Year Ended June 30, 2012
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
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	1,842,196
Special education	179,603	196,237	395,636	406,125	433,369	497,980	505,573	505,399	469,372
Other special education	40,591	48,916	64,155	67,357	79,193	100,500	98,670	86,247	104,039
Other instruction	19,276	17,817	20,356	23,611	25,081	25,375	28,881	30,701	29,050
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	2,243,878
Student & instruction and related services	520,528	546,989	609,897	553,592	538,106	492,218	533,778	520,130	585,392
General administration	502,483	145,332	154,180	285,428	329,863	247,425	245,370	244,751	268,006
School administrative services	96,726	141,971	166,163	198,213	202,482	135,929	141,964	146,887	152,487
Central services		322,580	356,876	136,741	130,421	322,796	347,006	349,543	371,392
Administrative information technology		3,218	2,613	906	328	1,680	2,215	599	242
Plant operations and maintenance	281,831	280,677	292,303	396,323	427,275	462,664	400,333	427,586	404,053
Pupil transportation	296,856	329,364	337,093	353,230	366,434	350,322	344,806	336,347	381,786
Unallocated benefits	884,697	947,247	1,068,713	1,287,748	1,294,829	1,225,247	1,239,243	1,289,557	1,395,945
Capital outlay	18,651	1,918		2,741		2,533		27,620	16,819
Interest on long-term debt	25,025	12,512	139,640	135,640	131,640	126,640	121,640	115,640	109,640
Unallocated depreciation	111,863	104,693	97,337	169,376	245,459	239,731	230,219	232,016	232,902
Total governmental activities expenses	6,171,035	6,517,755	6,948,809	7,669,702	8,161,801	8,347,153	8,451,156	8,213,429	8,607,199

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Assets
Last Nine Fiscal Years
For the Fiscal Year Ended June 30, 2012
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:									
Food service	147,964	211,139	212,230	201,710	209,919	210,494	163,777	157,558	143,559
Child care	42,754	53,555	92,182	97,193	86,796	86,966	76,174	80,461	78,370
Total business-type activities expense	<u>190,718</u>	<u>264,694</u>	<u>304,412</u>	<u>298,903</u>	<u>296,715</u>	<u>297,460</u>	<u>239,951</u>	<u>238,019</u>	<u>221,929</u>
Total district expenses	<u>6,361,753</u>	<u>6,782,449</u>	<u>7,253,221</u>	<u>7,968,605</u>	<u>8,458,516</u>	<u>8,644,613</u>	<u>8,691,107</u>	<u>8,451,448</u>	<u>8,829,128</u>
Program revenues									
Governmental activities									
Charges for services:									
Instruction (Tuition)	103,000	99,460	94,000	53,430	69,500	62,287	76,200	81,500	129,476
General administration		57,095	81,244	71,516	72,603	76,587	77,956	78,966	81,243
Business administration & Central services	214,500	204,800	220,000	139,960	176,685	182,436	194,354	203,362	210,000
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	219,628
Total governmental activities program revenues	<u>573,997</u>	<u>3,268,422</u>	<u>629,429</u>	<u>503,055</u>	<u>543,284</u>	<u>583,273</u>	<u>609,267</u>	<u>664,953</u>	<u>640,347</u>
Business-type activities:									
Charges for services:									
Food service	105,354	152,133	160,400	159,589	162,013	166,346	117,739	111,148	103,879
Child care	46,443	73,332	94,598	86,246	87,461	81,195	81,171	77,871	80,491
Operating grants and contributions	39,246	35,599	33,602	38,079	35,930	41,569	38,474	37,070	35,417
Total business-type activities program revenues	<u>191,043</u>	<u>261,064</u>	<u>288,600</u>	<u>283,914</u>	<u>285,404</u>	<u>289,110</u>	<u>237,384</u>	<u>226,089</u>	<u>219,787</u>
Total district program revenue	<u>765,040</u>	<u>3,529,486</u>	<u>918,029</u>	<u>786,969</u>	<u>828,688</u>	<u>872,383</u>	<u>846,651</u>	<u>891,042</u>	<u>860,134</u>
Net (expense) revenue									
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)	(7,966,852)
Business-type activities	325	(3,630)	(15,812)	(14,989)	(11,311)	(8,350)	(2,567)	(11,930)	(2,142)
Total district-wide net expense	<u>(5,596,713)</u>	<u>(3,252,963)</u>	<u>(6,335,192)</u>	<u>(7,181,636)</u>	<u>(7,629,828)</u>	<u>(7,772,230)</u>	<u>(7,844,456)</u>	<u>(7,560,406)</u>	<u>(7,968,994)</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Assets
Last Nine Fiscal Years
For the Fiscal Year Ended June 30, 2012
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	3,325,480
Taxes levied for debt service	111,401	104,431	239,640	235,639	256,640	251,640	271,640	265,640	259,640
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	4,310,771
Federal aid restricted							617,008		
Tuition charges	3,450		3,500	9,043				29,339	24,413
Transportation fees	750							10,310	
Investment earnings	4,919	51,200	180,222	133,248	47,753	21,951	12,961	24,696	26,709
Gain on disposal of assets		(2,484)							(1,140)
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	11,999
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>	<u>7,957,872</u>
Business-type activities									
Transfers				8,500	12,000	(8,941)	10,000		
Miscellaneous income	11,454			2,741					
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>5,843,945</u>	<u>6,174,359</u>	<u>6,638,270</u>	<u>7,021,791</u>	<u>7,327,766</u>	<u>7,652,017</u>	<u>7,628,632</u>	<u>7,680,172</u>	<u>7,957,872</u>
Change in net assets									
Governmental activities	235,453	2,925,026	318,890	(156,097)	(302,751)	(102,922)	(223,257)	131,696	(8,980)
Business-type activities	11,779	(3,630)	(15,812)	(3,748)	689	(17,291)	7,433	(11,930)	(2,142)
Total District	<u>247,232</u>	<u>2,921,396</u>	<u>303,078</u>	<u>(159,845)</u>	<u>(302,062)</u>	<u>(120,213)</u>	<u>(215,824)</u>	<u>119,766</u>	<u>(11,122)</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Nine Fiscal Years
For the Fiscal Year Ended June 30, 2012
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund									
Reserved	791,549	979,769	1,310,105	1,075,755	898,731	1,122,786	982,956	1,130,714	1,149,692
Unreserved	10,925	(35,228)	(36,540)	103,635	86,920	(87,474)	(107,980)	(45,360)	(26,190)
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>	<u>1,123,502</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>	<u>0</u>

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax levy	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	3,585,120
Tuition charges	2,400	3,450		3,500	9,043				29,339	24,413
Transportation charges		750							10,310	
Interest earnings	8,723	4,919	51,200	180,222	133,248	47,753	21,951	12,961	24,696	26,709
Miscellaneous	3,571	8,458	6,175	10,112	12,712	5,246	9,060	28,312	48,452	16,269
State sources	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	4,182,543
Federal sources	196,314	230,557	221,347	211,591	215,978	204,611	214,194	870,321	292,605	343,586
Total revenue	<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>	<u>8,178,640</u>
Expenditures										
Instruction:										
Regular	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	1,842,686
Special	378,371	358,815	371,505	392,688	406,805	434,569	498,080	505,933	505,419	469,652
Other	58,550	40,591	48,916	56,655	67,357	76,533	97,300	105,590	85,507	103,799
School sponsored/other instructional		19,276	17,817	20,356	23,611	25,081	25,375	28,881	30,701	29,050
Undistributed:										
Instruction	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	2,243,878
Student & instruction related services	423,381	419,556	447,843	500,714	497,917	485,001	443,363	468,803	446,319	471,113
General administration	202,979	185,239	145,332	151,818	150,683	158,970	170,663	167,452	165,785	186,763
School administration	87,520	92,576	98,143	113,540	127,122	129,579	135,779	141,901	146,887	146,637
Central administration			125,792	127,896	136,316	129,921	144,287	147,320	150,023	156,029
Administration information technology			3,218	2,613	906	328	1,680	2,215	599	242
Plant operations & maintenance	244,692	281,025	280,139	294,959	395,998	427,275	426,058	400,333	427,836	401,103
Student transportation	313,201	296,856	329,364	337,093	353,230	366,434	350,322	344,806	336,347	381,786
Business and other support services	100,691	104,029								
Unallocated benefits	775,625	889,938	947,247	1,068,713	1,287,748	1,294,829	1,225,247	1,239,243	1,289,557	1,395,945
Capital outlay	2,228	18,651	325,466	1,212,792	3,935,324	565,458	19,358	48,756	51,079	52,169
Debt service expenditures										
Principal	175,000	175,000	175,000	100,000	100,000	125,000	125,000	150,000	150,000	150,000
Interest	37,537	25,025	12,512	139,640	135,640	131,640	126,640	121,640	115,640	109,640
Total expenditures	<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>	<u>8,140,492</u>
Excess (deficiency of revenues over (under) expenditures	(192,687)	307,744	2,503,132	(869,627)	(4,014,429)	(747,197)	(29,943)	(195,442)	190,639	38,148
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>(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>	<u>38,148</u>
Debt service as a percentage of noncapital expenditures	3.62%	3.39%	3.00%	3.67%	3.21%	3.32%	3.19%	3.38%	3.43%	3.21%

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
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
2012			6,132	5,867			11,999
	<u>1,529</u>	<u>500</u>	<u>35,278</u>	<u>60,053</u>	<u>4,142</u>	<u>32,520</u>	<u>134,022</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
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	308,742,510	1.250
2012	10,955,100	207,289,200	44,768,800	5,826,100	15,384,500	0	0	284,223,700	627,629	284,851,329	n/a	1.280

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	
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
2012	1.187	0.093	1.280	0.181	0.010	0.959	2.430

Source: Municipal Tax Collector.

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

Taxpayer	2012		2003	
	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	2.33%		
Angelo Massari, Inc.	2,521,500	0.89%	2,622,000	1.50%
Ayra Golf Properties			2,126,600	1.21%
Taxpayer #1	910,400	0.32%		
Taxpayer #2	833,200	0.29%		
Tall Pines Campground Inc.			788,600	0.45%
Verizon Communications			786,791	0.45%
Taxpayer #3	750,800	0.26%		
Taxpayer #4	723,900	0.25%		
Taxpayer #5			723,600	0.41%
PFB Philadelphia Properties LLC	703,700	0.25%		
Fulton Bank (The Bank)	703,000	0.25%		
Heritage-Cobb Mill Estates LP	683,000	0.24%		
Taxpayer #6	637,500	0.22%		
Taxpayer #7			560,100	0.32%
Taxpayer #8			547,500	0.31%
Woodstown National Bank			501,000	0.28%
Taxpayer #9			488,800	0.28%
Taxpayer #10			447,300	0.25%
	<u>8,467,000</u>	<u>1.48%</u>	<u>9,592,291</u>	<u>5.46%</u>

Source: Municipal Tax Assessor.

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

<u>Year Ended December 31</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year</u>		<u>Collections in Subsequent Year</u>
		<u>Amount</u>	<u>Percent of Levy</u>	
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%	
2012	3,585,120	3,585,120	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			Business-type		Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases	Bond Anticipation Notes	Activities Capital Leases		
2003	350,000					350,000	0.41%
2004	175,000					175,000	0.19%
2005	3,416,000					3,416,000	3.55%
2006	3,316,000					3,316,000	3.32%
2007	3,216,000					3,216,000	3.06%
2008	3,091,000					3,091,000	2.77%
2009	2,966,000					2,966,000	2.45%
2010	2,816,000					2,816,000	2.11%
2011	2,666,000					2,666,000	1.94%
2012	2,516,000					2,516,000	n/a

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

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			
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%	814
2011	2,666,000		2,666,000	0.93%	771
2012	2,516,000		2,516,000	0.89%	728

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2011
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Alloway	3,151,113	100%	3,151,113
Salem County General Obligation Debt (5.39%)			2,505,525
Subtotal, overlapping debt			5,656,638
Township of Alloway School District			2,516,000
Total direct and overlapping debt			<u>8,172,638</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							
	2011		\$290,790,698							
	2010		\$308,507,659							
	2009		\$338,929,172							
			<u>\$938,227,529</u>							
Average equalized valuation of taxable property			312,742,510							
Debt limit (3% of average equalized value)			9,382,275							
Total net debt applicable to limit			<u>2,666,000</u>							
Legal debt margin			<u>6,716,275</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>	<u>2012</u>
Debt limit	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	9,382,275
Total net debt applicable to limit	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	2,516,000
Legal debt margin	<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>	<u>6,866,275</u>
Total net debt applicable to the limit as a percentage of debt limit	6.69%	3.21%	59.74%	52.42%	45.78%	39.50%	35.34%	30.74%	28.22%	26.82%

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

Fiscal year Ended June 30	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2003	2,855	85,287,415	29,873	1.10%
2004	2,924	90,407,156	30,919	0.80%
2005	2,956	96,135,032	32,522	5.20%
2006	3,030	100,020,300	33,010	5.40%
2007	3,028	105,101,880	34,710	4.90%
2008	3,067	111,740,011	36,433	6.30%
2009	3,089	121,045,554	39,186	11.60%
2010	3,461	133,418,089	38,549	12.30%
2011	3,457	137,256,728	39,704	11.60%
2012	3,457 *	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

Employer	2012		2003	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Ranch Hope	145	11.47%		
Alloway Township Board of Education	72	5.70%		
B.R. Williams	50	3.96%		
Alloway Township	30	2.37%		
Edgar Joyce Nursery	20	1.58%		
	<u>317</u>	<u>25.08%</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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	27.0	27.0	27.0	29.0	35.0	36.0	36.0	36.0	35.0	34.0
Special education	4.0	4.0	4.5	5.0	8.0	8.5	8.5	9.0	8.0	7.4
Support services:										
Student & instruction related services	5.5	5.5	5.5	5.5	6.5	6.4	5.7	6.5	5.5	3.8
General administration	1.0	1.0	0.5	0.5	1.5	1.5	1.5	1.5	1.5	1.5
School administration	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Business administrative services	0.8	0.8	0.8	0.8	2.5	2.5	2.5	2.5	2.5	2.5
Plants operations and maintenance	3.0	3.0	3.0	3.5	5.2	5.5	5.6	5.6	5.5	5.2
Food service	4.0	4.5	4.5	4.5	4.5	4.5	4.0	4.0	4.0	4.0
Child care	4.0	4.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Total	<u>50</u>	<u>51</u>	<u>52</u>	<u>55</u>	<u>69</u>	<u>71</u>	<u>69.8</u>	<u>71.1</u>	<u>68.0</u>	<u>64.4</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				
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%
2012	603	* 7,828,683	12,983	7.35%	34.0	1:12	419.0	401.5	-2.78%	95.82%

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

* Enrollment includes Woodstown High School enrollment

Note: Enrollment based on annual October district count.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Elementary</u>										
Alloway Elementary										
Square feet	38,393	38,393	38,393	38,393	55,760	55,760	55,760	55,760	55,760	55,760
Capacity (students)	500	500	500	500	629	629	629	629	629	629
Enrollment	475	488	491	489	482	481	466	461	430	419

Number of schools at June 30, 2012

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, 2012
 Unaudited

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

* School Facilities	Gross Square Footage	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Alloway School	55,760	<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>57,585</u>	<u>461,902</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, 2012
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 - Rebecca Joyce, Business Administrator/Board Secretary	200,000	None

Source: District records.

SINGLE AUDIT SECTION

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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 Alloway Township School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2012, which collectively comprise the Alloway Township School District's basic financial statements and have issued our report thereon dated September 20, 2012. 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 Office of School Finance, 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 Office of School Finance, 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 20, 2012

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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 Board of Education of the Alloway Township School District's, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Alloway Township School District's major federal and state programs for the year ended June 30, 2012. 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 Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, and New Jersey OMB'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 20, 2012

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

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, 2011	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of prior Years' Balances	Balance at June 30, 2012			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	ARRA006012	131,857	09/1/10	09/30/12			131,857	(131,857)						131,857
Total General Fund								131,857	(131,857)						131,857
U.S.Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I - Part A	84.010A	NCLB006012	30,418	09/1/11	08/31/12			30,418	(30,418)						30,418
Title I - Part A	84.010A	NCLB006011	22,325	09/1/10	08/31/11	(6,744)		6,744							22,325
Title II-A - Teacher & Principal Training	84.367	NCLB006012	18,857	09/1/11	08/31/12			18,857	(18,857)						18,857
Title II-A - Teacher & Principal Training	84.367	NCLB006011	20,821	09/1/10	08/31/11	(9,678)		9,678							20,821
I.D.E.A. Part B, Basic Regular	84.027A	IDEA006012	125,582	09/1/11	08/31/12			122,362	(122,362)						122,362
I.D.E.A. Part B, Basic Regular	84.027A	IDEA006011	122,932	09/1/10	08/31/11	(27,436)		27,436							119,420
I.D.E.A. Part B, Basic Regular	84.027A	IDEA006010	120,025	09/1/09	08/31/10			1,968	(1,968)						120,025
I.D.E.A. Part B, Basic Regular	84.027A	IDEA006009	124,933	09/1/08	08/31/09			1,711	(1,711)						124,933
I.D.E.A. Part B, Preschool	84.173	IDEA006012	4,118	09/1/11	08/31/12			4,118	(4,118)						4,118
ARRA - I.D.E.A. Part B	84.391	ARRA006010	127,165	07/1/09	08/31/11	(23,349)		23,349							43,632
Rural Education Achievement Program	84.358	S358A111526	32,295	07/1/11	09/30/12			32,295	(32,295)						32,295
Total Special Revenue Fund						(67,207)		278,936	(211,729)						659,206
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550		4,745	07/1/11	06/30/12			4,745	(3,582)			1,163			3,582
Food Distribution Program	10.550		5,508	07/1/10	06/30/11	987			(987)						5,508
National School Lunch Program	10.555		28,741	07/1/11	06/30/12			27,920	(28,741)			(821)			28,741
Special Milk Program for Children	10.556		358	07/1/11	06/30/12			348	(358)			(10)			358
Total Enterprise Fund						987		33,013	(33,668)			(831)	1,163		37,831
Total Federal Financial Awards						(66,220)		443,806	(377,254)			(831)	1,163		697,037

* 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, 2012

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2011			Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Year's Balance	Balance at June 30, 2012			Memo	
					Deferred Revenue (Accts. Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total
State Department of Education															
General Fund:															
State Aid Public:															
Equalization Aid	12-495-034-5120-078	2,957,656	07/1/11	- 06/30/12				2,957,656	(2,957,656)					289,611	2,957,656
Adjustment Aid	12-495-034-5120-085	36,630	07/1/11	- 06/30/12			36,630	(36,630)						3,587	36,630
Special Education Aid	12-495-034-5120-089	307,010	07/1/11	- 06/30/12			307,010	(307,010)						30,062	307,010
Security Aid	12-495-034-5120-084	43,409	07/1/11	- 06/30/12			43,409	(43,409)						4,251	43,409
Transportation Aid	12-495-034-5120-014	282,952	07/1/11	- 06/30/12			282,952	(282,952)						27,706	282,952
Extraordinary Aid	12-100-034-5120-473	76,069	07/1/11	- 06/30/12								(76,069)			76,069
Extraordinary Aid	11-100-034-5120-473	42,926	07/1/10	- 06/30/11	(42,926)		42,926								42,926
Nonpublic Transportation Costs	n/a	2,958	07/1/11	- 06/30/12					(2,958)			(2,958)			2,958
Nonpublic Transportation Costs	n/a	5,958	07/1/10	- 06/30/11	(5,958)		5,958								5,958
Reimbursed T.P.A.F. Social Security Contributions	12-100-034-5095-002	214,602	07/1/11	- 06/30/12			214,602	(214,602)							214,602
On-Behalf T.P.A.F. Postretirement Contribution	12-100-034-5095-001	259,954	07/1/11	- 06/30/12			259,954	(259,954)							259,954
On-Behalf T.P.A.F. Pension Contribution	12-100-034-5095-007	8,647	07/1/11	- 06/30/12			8,647	(8,647)							8,647
Total General Fund					(48,884)		4,159,744	(4,189,887)				(79,027)		355,217	4,238,771
State Department of Education															
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbooks	12-100-034-5120-064	538	07/1/11	- 06/30/12			538	(479)						59	
Nursing (Chapter 226)	12-100-034-5120-070	768	07/1/11	- 06/30/12			768	(768)							
Auxiliary Services															
Transportation	12-100-034-5120-068	231	07/1/11	- 06/30/12			231	(231)							231
Handicapped Services (Chapter 193)															
Examination and Classification	12-100-034-5120-066	2,575	07/1/11	- 06/30/12			2,575	(1,449)					1,126		1,449
Examination and Classification	11-100-034-5120-066	1,436	07/1/10	- 06/30/11						(1,116)					
Supplemental Instruction	12-100-034-5120-066	702	07/1/11	- 06/30/12			702	(702)							702
Corrective Speech	12-100-034-5120-066	790	07/1/11	- 06/30/12			790						790		
Corrective Speech	11-100-034-5120-066	782	07/1/10	- 06/30/11						(782)					
Total Special Revenue Fund							1,898	5,604	(3,629)			(1,898)		1,975	2,382
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	12-100-010-3360-067	1,573	07/1/11	- 06/30/12			1,529	(1,573)				(44)			1,573
Total Enterprise Fund							1,529	(1,573)				(44)			1,573
Total State Financial Assistance					(46,986)	1,898	4,166,877	(4,195,089)		(1,898)	(79,071)		1,975	355,217	4,242,726

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, 2012

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 OMB. 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, 2012

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 (\$10,973) 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):

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	131,857	4,178,914	4,310,771
Special Revenue Fund	211,729	3,629	215,358
Food Service Fund	<u>33,844</u>	<u>1,573</u>	<u>35,417</u>
Total Financial Assistance	<u>377,430</u>	<u>4,184,116</u>	<u>4,561,546</u>

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, 2012, Alloway Township School District has food commodities totaling \$1,163 in inventory.

NOTE 6: OTHER

The amount reported as T.P.A.F. Pension Contributions of \$268,601 represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. T.P.A.F. Social Security Contributions of \$214,602 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, 2012.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012

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 NJOMB Circular Letter 04-04? Yes X No

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
	State Aid Public:
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid

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, 2012

No matters were reported.